FINANCIAL TIMES

Italy

Milan the focus for local elections

Page 3

Volvo

New chief takes hard line

Page 19

Programming

Trendy language proves its worth

Info Technology, Page 23

Madeleine Albright

Reconnecting US foreign policy with public opinion

Edward Mortimer, Page 12

World Business Newspaper http://www.FT.com WEDNESDAY APRIL 23 1997

Ford cuts costs by 'protecting' jobs in Germany

Ford of Germany said plans for investment had been secured up to 2010 through a cost-cutting deal with German workers that should protect 34,000 jobs and save the company $120m a year. The innovative "investment protection" deal on flexible working and overtime costs could provide a model for other agreements elsewhere in German industry. Page 14

Montedison, the Italian agro-industrial group which faced near collapse in 1993, is to pay a dividend for the first time in four years. Page 15

Food surplus warning: The European Union will produce mountains of surplus food in the next decade unless it reforms its farm policies radically and quickly, warned Franz Fischler, European agriculture commissioner. Page 2

US orders curbs against Burma: Washington imposed economic sanctions on Burma, banning new investments by US companies in the military-ruled south-east Asian country. The move followed a failed attempt to win support from Asian governments for a multilateral effort to press Burma to end its persecution of dissidents and ethnic minorities. Page 14; Observer, Page 13

Bank chief criticises government: The head of the Dutch central bank, Wim Duisenberg, denounced government plans to cut taxes rather than reduce the budget deficit further. He was giving the bank's annual report for the last time in a 16-year term before becoming head of the European Monetary Institute. The clash may be a foretaste of policy tensions within Europe's planned single currency zone. Page 2

Beijing hopes to float: Beijing's municipal government is set to list its investment arm on the Hong Kong stock market amid a surge in interest in red-chip investments (Hong Kong arms of mainland enterprises). Page 15

Algerian raid kills 93: Armed raiders massacred 93 villagers, including women and children, in the bloodiest such attack in Algeria since the start of an Islamic insurgency five years ago. Security forces announced without comment the death toll in the pre-dawn attack at Haouch Mokfi, 20km south of Algiers.

China executes 18: Chinese authorities executed 18 criminals convicted of murder, rape or robbery after more than 13,000 people had attended a rally on the outskirts of Shenzhen to witness the sentencing.

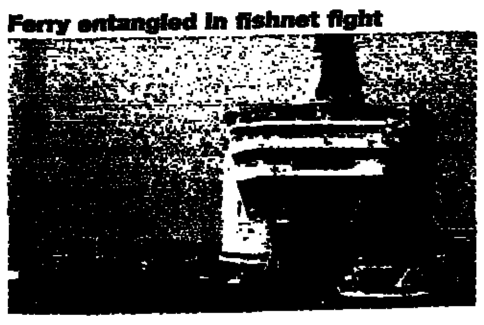
Russian hockey tsar murdered: Valentin Sych, president of Russia's Ice Hockey Federation, was gunned down in an apparent contract killing outside his country house north of Moscow. His wife, Valentina, was wounded.

Caribbean quake: An earthquake measured at magnitude 6.5 struck in the Caribbean about 35 north-east of Port-au-Spain, Trinidad. There was no immediate report of damages.

Egypt to get LNG plant: Agreement is expected soon on construction of a liquefied natural gas plant in Egypt to supply Turkey with up to 10bn cubic meters of gas a year, said Egyptian oil minister Hamdy el-Banbi.

Ex-Soviet states trade shots: The former Soviet republics of Azerbaijan and Armenia traded automatic weapons fire across their border and accused each other of starting the second gunbattle in a week. They are contesting control of Nagorno-Karabakh, an enclave of Armenians inside Azerbaijan.

Ferry entangled in fishnet fight



The ferry Seafrance Monet runs into a blockade of fishing vessels off the French port of Calais as they protest European Union regulations on the mesh size of fishing nets. At least two ferries from England were turned away, stranding thousands of tourists and truckers.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	6751.32	(+9.11)
NASDAQ Composite	1202.72	(-1.23)
Europe and Far East		
CAC40	2514.67	(-8.00)
DAX	3340.33	(-7.25)
FTSE 100	4346.1	(+17.4)
Nikkei	18544.45	(-7.21)

US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	5.322%
Long Bond	94½
Yield	7.064%

OTHER RATES

UK: 3-mo Interbank	6⅜%	(same)
UK: 10 yr Gilt	97⅜	(97⅛)
France: 10 yr OAT	97.76	(97.62)
Germany: 10 yr Bund	100.97	(100.78)
Japan: 10 yr JGB	106.2505	(106.0611)

NORTH SEA OIL (Argus)

Brent Dated	$17.66	(17.89)

GOLD

New York: Comex	$341.6	(343.3)
London: close	$341.55	(342.55)

DOLLAR

New York lunchtime		
£	1.6368	
DM	1.7155	
FFr	5.7872	
SFr	1.46	
Y	126.215	
London:		
£	1.6368	(1.6348)
DM	1.7112	(1.7023)
FFr	5.774	(5.7487)
SFr	1.4555	(1.4493)
Y	126.19	(125.53)
Tokyo close:	Y 125.45	

STERLING

DM	2.8008	(2.7829)

Bonn 'may miss Emu target'

German research institutes say failure to hit 3% deficit should not prevent entry

By Peter Norman in Bonn

Germany's 1997 budget deficit is unlikely to drop below the 3 per cent of gross domestic product prescribed for Europe's economic and monetary union, but this should not prevent it and many other countries starting the project in 1999.

Germany's six leading economic research institutes yesterday forecast that the deficit would fall from 3.8 per cent of GDP in 1996 to 3.2 per cent this year, above the targets for Emu entry set in the Maastricht treaty and the Bonn government's forecast of a 2.9 per cent deficit for 1997.

But in a thinly veiled criticism of the hard-line stance of Mr Theo Waigel, the Bonn finance minister, the institutes from Munich, Berlin, Hamburg, Halle, Essen and Kiel rejected the idea that the Emu entry criteria could be met only if the deficit were cut to 3.0 per cent for 1997. Such a stance was "not helpful for achieving as rational a decision as possible in the first half of next year", they said.

The institutes said an evaluation of all the criteria and the other economic circumstances detailed in the treaty "can leave hardly a doubt that the timetable for the start of Emu will be kept".

They added: "There is much to be said for a large group of countries forming Emu at the start of 1999."

The institutes, whose twice yearly joint reports play an influential part in shaping economic policies and opinion in Germany, predicted the deficit would fall to 2.9 per cent in 1998.

Reacting to the report yesterday, Mr Waigel showed no sign of changing his tune. He said the 3.2 per cent deficit forecast was based on an "exaggerated" estimate that tax revenues would be DM20bn ($11.7bn) less than forecast last November.

He also noted that at one point the report said "a landing on the dot of 3.0 per cent" was possible.

"The government will do everything necessary to reach this goal," the minister declared. Naming a budget freeze or more privatisation as possible actions, he said government policies would be reviewed after the next tax estimates in mid-May.

As a sign of its intention to push ahead with the single currency, the cabinet yesterday approved the bill to incorporate the Bundesbank into the planned European system of central banks that will run monetary policy in Emu.

The institutes said the government should aim to halve the deficit in the next three years. Otherwise total public debt, which the institutes expect will rise to 62 per cent of GDP this year from 60.6 per cent in 1996, will continue to be above the Maastricht limit of 60 per cent of GDP.

Without steady cuts, the state's interest burden would rise and the government would be unable to borrow to stabilise the economy in the next downturn.

Jobs cloud outlook, Page 2
Lex, Page 14

Market volatility during elections could have affected group's value

French postpone telecom stake flotation

By David Owen and Andrew Jack in Paris

The French government yesterday postponed plans to float a minority stake in France Telecom to avoid a clash with a snap parliamentary election.

Mr Jean Arthuis, finance minister, said the sale – expected to raise FFr30bn-FFr50bn ($5.2bn-$8.6bn) in what may be the country's biggest privatisation – would be delayed by about a month.

But the government is to press ahead with plans to sell a majority stake in Thomson-CSF, the defence electronics group, which was felt to be less vulnerable to possible volatility in financial markets during the coming campaign. It will take the form of a trade sale to a single buyer rather than a flotation.

Yesterday's decision raises the prospect that both operations could be called off by a future Socialist government if victorious in the contest on May 25 and June 1.

The Socialist party last night confirmed it would not privatise either if elected. Latest opinion polls show the centre-right government is likely to win, albeit with a much reduced majority.

The developments came as Mr Alain Juppé, prime minister and head of the ruling centre-right RPR party, kicked off the election campaign with a pledge to lower social charges and taxes in an effort to boost business and job creation in the next parliament.

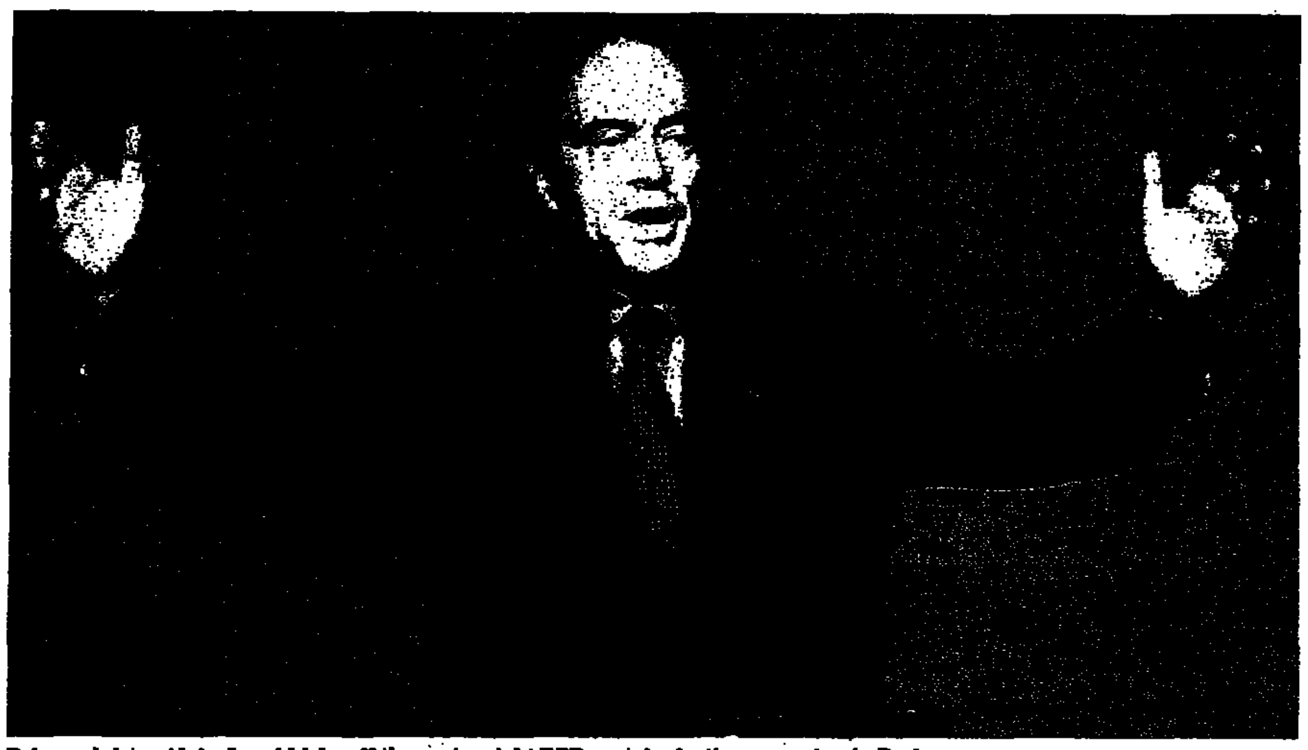
In a 40-minute address in Paris to elected RPR members which was strong on vision but contained few new policies, Mr Juppé defended the government's record over the past two years and criticised the opposition Socialist party for its heavy-spending "collectivist" approach.

He staunchly defended closer integration of France into the European Union and its commitment to the single European currency, but argued that the "simplistic ultra-liberalism" of the 1980s was outmoded.

Under the revised privatisation timetable, the early order period for France Telecom shares would begin just four days after the second round of the election on June 5, with the formal selling period running from June 24 to July 1. The early order period had been set to start on May 6, with the shares expected to start trading on the Paris and New York stock markets on June 9.

Firm offers for Thomson-CSF, the privatisation of which is seen as vital to kick-start a much-needed rationalisation of the European defence sector, must be delivered by May 7, with a winner expected to be chosen by the end of June.

Emu elbows issues, Page 2; Calculated gamble, Editorial Comment, Page 13



Prime minister Alain Juppé kicks off the centre-right RPR party's election campaign in Paris Picture: Reuter

Sixteen of Nomura's directors resign over scandal

By Gillian Tett in Tokyo

The president and 15 board members of Nomura Securities, including five vice-presidents and four senior managing directors, are resigning at the end of the month in an attempt to repair the battered reputation of Japan's largest securities house.

The scale of the move is highly unusual in Japan, and indicates the irritation and embarrassment generated last month when Nomura admitted that two directors had bribed corporate gangsters – *sokaiya* – not to disrupt shareholder meetings.

The scandal has resulted in some Nomura clients reducing their involvement with the group – and reduced the company from first to fourth largest securities broker on the Tokyo Stock Exchange.

Several other leading Japanese companies – including the department store group Takashimaya and Ajinomoto, the processed foods maker – have also recently admitted payments to *sokaiya*.

Nomura, which announces its results tomorrow, has appointed Mr Junichi Ujiie to take over as president next month. He replaces Mr Masashi Suzuki, who was appointed only last month after Mr Hideo Sakamaki resigned to take responsibility for the scandal.

Mr Sakamaki yesterday confirmed to a parliamentary committee that Nomura had paid more than Y70m ($555,000) via stock deals into accounts linked to the gangsters.

The impact of yesterday's reshuffle remains uncertain. The securities house will still be left with a board of 23, and the resigning directors will be retained as "advisers".

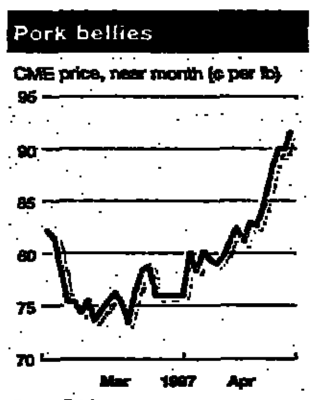
Some analysts yesterday hoped the new president would forge a new image for the group and win back business. Mr Ujiie is aged 51 – younger than many senior Japanese executives – and has extensive overseas experience. He

Continued on Page 14
Observer, Page 13
CWS documents, Page 15

Pork prices on way up as swine fever blights supply

By Alison Maitland

Pork bellies



Source: Datastream

Worldwide pig prices are rising rapidly as serious outbreaks of disease in the Netherlands and Taiwan lead to severe shortages.

Retailers in the European Union are set to raise prices for pork, ham and bacon as a mass outbreak of swine fever in the Netherlands restricts supply.

The disease, which is still spreading, has so far forced the Dutch authorities to order the destruction of 17 per cent of the country's 14m pigs. Dutch farmers are already receiving 50 per cent more for their animals.

The Netherlands, which is the EU's fourth-biggest pork producer and exports 70 per cent of its output, has banned sales abroad of live pigs. Industry experts say Dutch output could fall by a third this year, which will lead EU production to drop by 2-3 per cent.

Tight world supplies will worsen as EU and US pigmeat is diverted from home markets to Japan to cover a shortfall caused by a devastating foot-and-mouth epidemic in Taiwan. This has forced Taiwan, which traditionally supplies 40 per cent of Japan's pork imports, to halt sales overseas.

Cash prices for US pork bellies have risen 21 per cent in the past month and futures prices have climbed 23 per cent because of the extra demand for exports.

The increase has not yet fed through to US retail prices, but Mr Chuck Levitt, analyst with Alaron Trading, the Chicago brokers, said yesterday: "Consumers will be affected in the late spring and summer."

Retail prices are already moving higher in the EU, where consumption is forecast to rise by 2 per cent this year.

In the UK, large supermarket groups such as Tesco say they have so far absorbed the cost increase, but smaller butchers are raising prices of Danish bacon and pork by about 10 per cent.

In Germany, the biggest pigmeat consumer in the EU, sausage and pork manufacturers are poised to raise prices to retailers by 10 per cent and 20 per cent respectively.

Germany is the biggest importer of Dutch pigs and pigmeat, and its domestic supplies are already tight following swine fever outbreaks in four states this year which have led to mass slaughtering.

Swine fever is highly contagious and usually kills pigs that contract it.

"The Dutch outbreak is not under control," said Mr Arne Moesgaard of the Danish Bacon and Meat Council. "Prices will continue to go up for some weeks."

The Taiwanese crisis has not yet led to dramatic increases in US or EU exports to Japan. The Japanese had large stocks when the export ban was announced a month ago and analysts expect these to last through the second quarter.

CAP reform, Page 2

CONTENTS

NEWS: INTERNATIONAL

Rising US rates expected to take steam out of sharp rise in private sector investment

Emerging market growth set to slow

By Gerard Baker in Washington

Rising US interest rates will restrain private capital flows to emerging market economies this year, a leading international banking group said yesterday.

The Institute of International Finance, which represents 250 private sector financial institutions around the world, said external investment in emerging markets remained strong, but was expected to flatten out in 1997 after several years of rapid growth.

In its latest report on capital flows to the world's fastest growing economies, the IIF said the US Federal Reserve's decision to raise rates last month would take some of the steam out of investment in emerging markets.

Mr William Cline, deputy managing director of the IIF, said he did not expect a significant increase in interest rates, but further tightening was likely. "For that reason we expect flows to plateau rather than rise at the rapid rates we have seen in the last two years."

Private capital flows jumped 26 per cent last year to $255.4bn following a 35 per cent increase in 1995. The IIF is forecasting a slight decline to $249bn in 1997.

The main component of the increase last year was a nearly fourfold increase in non-bank private credit flows to $67.9bn, largely as a result of a record number of international bond issues.

Mr Charles Dallara, the IIF's managing director, warned that the quality of some of the lending had deteriorated in 1997, and said a slight slowdown in investment flows to the emerging economies might be healthy.

The surge in capital flows in the last few years had improved the financial strength of the emerging economies, the report said. The countries' international reserves had increased fivefold since the start of the decade to $507bn at the end of last year.

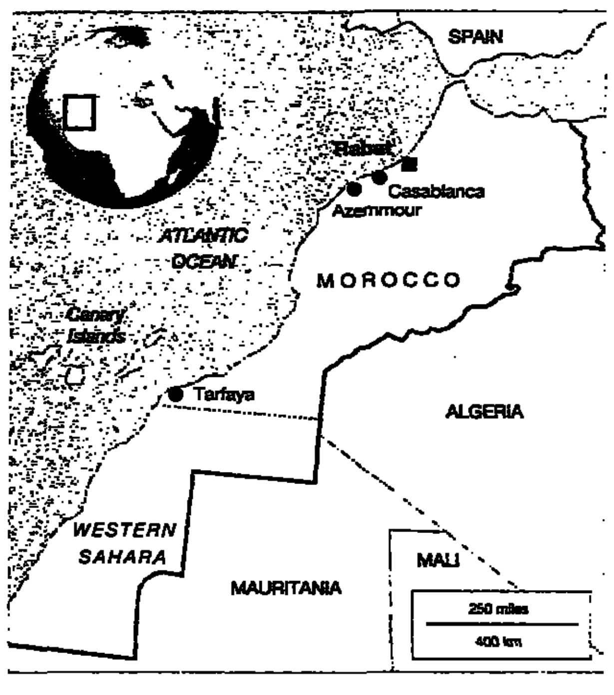
A growing proportion of capital flows took the form of direct equity investment. The share rose from just over one-quarter of total external private investment in 1993 to more than a third forecast for 1997. Asian economies had again received the bulk of the investment – $131bn last year.

But the IIF observed that official flows declined sharply last year. Net official investment fell to just $1.2bn in 1996 from $41.2bn the year before. The large drop reflected repayment by Mexico of much of the large official support it had received from the US and the International Monetary Fund last year. Since Mexico had also repaid more of the loans this year, the net figure was expected to be small again, at around $6.1bn.

In a letter to the IMF's interim committee of member governments, which gathers in Washington next Monday for its spring meeting, Mr Dallara warned of several risks to the generally positive emerging market prognosis.

These included uneven industrialised country performance, a slackening of reforms in emerging markets, and the diminished influence of multilateral lending.

Baker tries to untie Western Sahara knot



Mr James Baker, the former US secretary of state, arrives in Morocco today on the first leg of a north African journey seen as the best, and perhaps last, chance for a peaceful resolution of the often forgotten and seemingly intractable Western Sahara conflict.

Mr Baker's high profile appointment last month as the UN secretary general's special envoy has returned the more than 20-year-old dispute to the spotlight. Mr Baker is visiting Rabat, Algiers, Tindouf in south-west Algeria and Nouakchott in Mauritania.

He is to report back to Mr Kofi Annan in May on the faltering UN plan to determine whether the former Spanish colony should be integrated into Morocco or become an independent entity, as claimed by the Popular Front for the liberation of Saguia el Hamra and Rio de Oro – known as Polisario.

Mr Annan's increased attention to the Western Sahara is driven by the need to jump-start stalled UN efforts to resolve the conflict and avert a resumption of hostilities between Morocco and the Algeria-backed Polisario. It is also aimed at reassuring the US Congress of the UN's resolve to end the dispute. Congress has turned the Western Sahara into one of its pet subjects, using it to highlight UN inefficiency.

The Western Sahara is a desert land the size of England traditionally inhabited by nomadic tribes, and rich in iron ore, phosphate deposits and fishing reserves. It was a Spanish colony until February 1976. A year earlier Morocco had staked its claim to the territory in the famous Green March in which 350,000 civilians marched into the territory.

When Spanish troops departed, the Polisario declared an independent state and fighting between Moroccan forces and the Polisario continued until a UN-brokered ceasefire in 1991.

Morocco controls virtually all the territory while tens of thousands of Sahrawis who fled the conflict have lived for 20 years in camps in south-westn Algeria. Several thousand Sahrawis also live in Mauritania, which has the longest border with the Western Sahara.

Morocco and the Polisario agreed in 1991 to a UN plan to hold a referendum to choose between integration and independence. A UN force called Minurso – UN Mission for the referendum in Western Sahara – was sent to organise the vote.

But what appeared to be a reasonable way to solve the problem has become entangled in controversy centred on the identification process of people eligible to vote in the referendum. The original date set for the referendum was in 1992, and the most recent target date was January 1996.

Last May, in a warning to both parties, the UN Security Council voted to suspend the registration of voters and cut the Minurso staff by 20 per cent. The UN complained that the parties involved were unwilling to co-operate with its mission.

Each side has accused the other of obstructing the identification process. The UN staff has blamed both. Some human rights groups have placed more blame on the Moroccan side, and accused the UN mission of complacency and lack of transparency.

At the centre of the dispute are the 100,000 names Morocco has submitted for identification, in addition to its original list of 80,000, on the grounds that thousands of people not living in the Western Sahara today were pushed out by the colonial power and thus were not counted in the 1974 Spanish census which put the total population at 74,000. The Polisario, meanwhile, has submitted 40,000 names.

Mr Baker's mission, according to UN officials, aims to evaluate if and how the referendum process can be revived or whether the UN should give up its mission, which comes up for renewal in May.

Both Morocco and the Polisario profess commitment to the referendum. King Hassan II recently stated that Mr Boutros Boutros Ghali, the former UN secretary general, had allowed the "machine" to break down, hoping that Mr Annan would prove more able to fix it.

The problem, however, is that neither side appears willing to go ahead with the referendum unless reasonably assured of victory. Indeed, UN officials say it has always been clear that at some point during the identification process, a deal would be struck between the two sides, which will be confirmed in the referendum.

With the end of the Cold War, Polisario can no longer count on support from traditional friends such as the former Soviet Union and Cuba. How far Algiers' support extends is one of the main questions Mr Baker will be seeking to answer.

Moreover, as the dispute with Morocco has dragged on, Rabat has continued to invest heavily in the Western Sahara and consolidate its control. The future of the Western Sahara that Morocco appears more willing to consider today is a form of limited autonomy, which corresponds with and may be the driving force behind King Hassan's recent emphasis on decentralisation of power.

Roula Khalaf

Summit hopes fade as Zaire rebels close in

By Michela Wrong in Kinshasa

Kinshasa, the Zairean capital, yesterday braced itself for a two-pronged military assault, as promised peace talks between President Mobutu Sese Seko and rebel leader Mr Laurent Kabila looked increasingly unlikely.

In the first concrete sign that the rebels' much vaunted opening of a western front in the civil war is more than a propaganda weapon, missionaries in the coastal province of bas-Zaire reported sightings of fighters from the Alliance of Democratic Forces for the Liberation of Congo (AFDL).

Government soldiers stationed in the port of Matadi were said to be sending their families back to Kinshasa and diplomats confirmed military movements were taking place across the bas-Zaire border in Angola, believed to harbour hundreds of fighters exiled from Shaba province who are preparing to launch a pincer movement on Kinshasa.

In the capital of 5m inhabitants, where soldiers fleeing the rebel advance to the south and east are now arriving by barge, the siege mood was building.

During a television address, General Likulia Bolongo, Zaire's prime minister, said the army would never surrender. He said units were patrolling the city and residents should report suspected infiltrators.

Military experts said arms deliveries had recently arrived in Kinshasa and teenage fighters from Mr Mobutu's equatorial Ngbandi tribe had been recruited to join the elite guard which surrounds his hillside residence.

But given the army's battlefield failures, many residents believe the weapons are more likely to be used on the civilian population in a final act of vengeance by an embittered president than on the approaching AFDL rebels.

Hopes that a military showdown could be averted were fading as a long-promised summit between Mr Mobutu and Mr Kabila appeared increasingly improbable.

Mr Mobutu's son said on Monday that the flight to South Africa, proposed venue for the talks, was too long for a man convalescing from cancer treatment. Mr Mobutu is said to favour the Congolese capital of Brazzaville, just across the Zaire river, but analysts say Mr Kabila, who fears assassination, is unlikely to accept a venue so close to his enemy's home base.

Despite assurances yesterday from South Africa that a summit remained a possibility, many analysts said the debate over the venue was being used to obscure more fundamental sticking points.

"Nobody wants to admit it, but the process is deadlocked," said a diplomat. "Kabila insists all he wants to discuss is Mobutu's departure, so what is there to negotiate?"

As the 66-year-old dictator digs in his heels, the number of former allies calling for his departure is growing. "We believe it is time for the president to retire gracefully," said an official in the Popular Movement for the Revolution, Zaire's former single party.

INTERNATIONAL NEWS DIGEST

90 die in worst Algerian killing

More than 90 people were killed in a village outside Algiers on Monday night, in the country's biggest single massacre since the outbreak of the Algerian conflict in 1992.

Security forces yesterday said the massacre took place in the village of Haouch Boughfi el Khemisti, about 25km from Algiers in the plain of the Mitidja, where another massacre last week left 32 people with their throats cut. Armed Islamic groups were blamed for yesterday's massacre.

Algerian troops have led a drive in recent months to eradicate armed groups ahead of legislative elections on June 5. The government said it had killed several presumed leaders of armed groups in the offensives, which followed a wave of massacres in Algiers and the region to its south as well as bomb attacks in the capital.

Almost 300 civilians have been killed in villages this month, according to security forces and the Algerian media. *Roula Khalaf, London, and agencies*

Iraqi helicopters defy US

Iraq yesterday ignored US warnings and flew its helicopters to the border with Saudi Arabia to pick up Iraqi pilgrims, defying the no-fly zone imposed by Washington and its allies after the Gulf war. The US had urged Iraq to reconsider its decision to send the helicopters, saying it would take appropriate action but would not shoot down civilian flights.

US President Bill Clinton yesterday said religion should not be "used and distorted in a way that tries to avoid the international obligations". But there was no word on whether Iraq would be punished. Iraqi newspapers portrayed the move as a victory for Baghdad and President Saddam Hussein. *Roula Khalaf*

Midor share offer mooted

Shares in Egypt's Midor oil refinery joint venture with private Israeli and Swiss partners will be sold on the stock market if two European oil companies decline an offer to buy 40 per cent of the Egyptian government's stake in the project.

The Egyptian General Petroleum Company, which has a 60 per cent stake in the refinery, to be built near Alexandria, took a majority stake when its Israeli partner, Merhaf Group, had problems raising finance for the $1.2bn project. Merhaf and Maska-Swiss, an Egyptian-owned Swiss company, each has 20 per cent.

However, Egypt is keen to encourage a greater private sector role, and has offered to sell two 20 per cent stakes to Repsol of Spain and Agip of Italy. Neither company has agreed to buy and Egypt is now considering what could be one of the largest single stock market issues made in an Egyptian company. *Mark Huband, Cairo*

Strike hits Shell oil terminal

A strike by contractors at the Bonny oil terminal on the Nigerian coast has led Royal Dutch/Shell, the Anglo-Dutch petroleum group, to declare force majeure on the export of about 450,000 barrels a day of crude oil.

Shell said Monday's walkout was not connected to recent ethnic tension that has disrupted oil production in Nigeria's Rivers state, the heart of the country's petroleum industry. The strike was linked to a pay dispute at Bonny, and was not in danger of spreading to Forcados, the other Shell export terminal which handles similar volumes.

Although the wave of ethnic unrest in the region has eased in recent weeks, Shell yesterday confirmed that residents protesting against changes in local political boundaries occupied a Shell pumping station at the weekend in the Warri district, causing a loss of 2,000 b/d of production. *Robert Corzine, London*

Mideast peace support falls

Palestinian support for the peace process has fallen sharply, from 73 per cent in March to 60 per cent this month, according to a poll published yesterday by the Nablus-based Centre for Palestine Research and Studies. The poll of 1,334 Palestinians also found that support for suicide attacks has climbed, from 21 per cent in March 1996 to 40 per cent this month. *Judy Dempsey, Jerusalem*

NEWS: EUROPE

Europe's biotech industry shoots ahead

By Clive Cookson in Amsterdam

European biotechnology has experienced "explosive growth" over the past year, according to the annual report on the industry by Ernst & Young, the international consultancy.

At the end of 1996 Europe had 716 entrepreneurial biotech companies employing 27,500 people – 60 per cent more than a year earlier.

At the European Life Sciences Conference in Amsterdam yesterday, Mr Pieter Lucas, Ernst & Young partner and co-author of the survey, said the most spectacular growth was on the financial side.

European biotech companies raised a total of Ecu1.6bn ($1.82bn) in new equity financing during 1996, compared with Ecu400m in 1995. The new money included Ecu750m from initial public offerings (share flotations), Ecu600m from secondary offerings and Ecu260m venture capital investment.

At the end of 1995 there were 28 quoted European biotech companies, almost all of them British. A year later the total was 49; during 1996 the first wave of continental companies went public, listing on national stock markets such as the Paris Bourse's Nouveau Marché and on Easdaq, the new pan-European exchange.

Despite the rapid growth of biotechnology on the continent, the British industry remains well ahead – the result of its earlier start in the 1980s. The UK has 180 biotech companies, quoted and unquoted, while Germany and France have just over 100 each.

Even in the former communist countries of eastern Europe, a few biotech companies are beginning to emerge. The survey singles out Slovenia, Hungary and Lithuania as fertile ground for biotechnology.

Meanwhile, Europe as a whole is catching up on the much larger US biotech industry whose foundations were laid in the 1970s. While the number of European biotech companies rose by 23 per cent during 1996, the corresponding total for the US fell by 2 per cent to 1,287.

An encouraging sign for the future is the European industry's increasing investment in research and development – up 20 per cent to Ecu1.5bn in 1996.

Mr Lucas said the "crowning scientific achievement of the year, if not the decade" was the cloning of a sheep from adult cells by researchers at the Roslin Institute in Edinburgh in collaboration with PPL Therapeutics, the UK biotechnology company.

The European Biotech Industry

Financial data Ecu m	1996	1995	% change
Number of companies	716	584	23
Employees	27,500	17,200	60
Revenues	1,721	1,471	17
R&D spending	1,508	1,252	20
Net loss	1,113	1,206	−8
Equity financing	1,600	400	400

Source: Ernst & Young BioBusiness

From the American perspective, Mr Kenneth Lee, head of Ernst & Young's US life sciences business, said: "The events of 1996 and early 1997 confirm that spectacular progress has been made. Europe's entrepreneurial biotech sector is now operating in a new economy where political, financial and commercial factors are merging to create a nurturing environment for biotech."

Prodi's Olive Tree fears electoral frost

Italy's local elections will test national parties at a delicate time for the government

It was no accident that Mr Romano Prodi, the Italian prime minister, chose Milan to celebrate the victory – a year ago on Monday – of his centre-left "Olive Tree" coalition government.

Italy's northern metropolis, the country's business and financial capital, is seen as the main battleground in Sunday's local elections when around 9.5m Italians will be called to vote to renew about a third of the country's city halls and regional councils. The rest will vote this autumn.

For all the attempts of Rome politicians to stress the local character of the polls, they will inevitably constitute a test of the popular mood towards the national parties. And they could not fall at a more delicate time for the government. Mr Prodi has been struggling in recent weeks to keep alive his tenuous majority. This has come under strain from his coalition partners as well as from a rightwing opposition, itself divided, but sharpening its knives in the face of the government's troubles.

The coalition nearly collapsed two weeks ago over Italy's intervention in Albania which was opposed by the hard-left Reconstructed Communism, on whose support Mr Prodi depends for a parliamentary majority. Last Friday, the government suffered another blow when a parliamentary budget commission rejected its L15,500bn ($9bn) mini-budget designed to help Italy meet the criteria for joining the first wave of countries in the planned European single currency. It will now probably have to resort to a confidence vote in parliament after the regional elections to get the supplementary budget through.

So, the weekend photographs of Mr Prodi, speaking in Milan with the backdrop of a huge fresco of Christ tormented on the cross by Roman centurions, were somewhat symbolic. And it was hardly surprising that the Olive Tree's first anniversary celebrations were a rather desolate affair, however hard Mr Prodi tried to insist his government was here to stay. The spring frosts, he said, had so far spared the Olive Tree.

Mr Prodi is hoping that Milan will finally give him something to cheer about on Sunday.

The Olive Tree parties are banking on Mr Aldo Fumagalli, the 39-year-old former head of Italy's young industrialists' federation, to become the city's next mayor. His two main rivals are Mr Gabriele Albertini, a 47-year-old industrialist who is the candidate of Mr Silvio Berlusconi's rightwing opposition party, and the outgoing Northern League mayor, the 67-year-old Mr Marco Formentini.

Latest opinion polls give Mr Fumagalli a slight lead over Mr Albertini, with Mr Formentini still very much in the picture. Although many Milanese grumble about what they regard as the mayor's bland and unsatisfactory record, he could squeeze through again in the event of a second round play-off on May 11.

The Milanese, these days, are generally depressed. Although the city is much better off than many other parts of the country – unemployment, for example, is a mere 6-7 per cent – it has lost its *joie de vivre*. The Milanese complain of cultural decline, dirty roads and parks, graffiti-covered buildings. Even the famous La Scala opera house is suffering long delays over its restoration and modernisation. In short, the Milanese are unhappy, not just because they feel their city has lost its identity, but because of the burden of Rome's fiscal policies designed to bring Italy into the single currency.

The local election campaign has hardly set the city alight. "We need a strong personality to take charge of Milan," said one shopkeeper. At one stage some leading figures, among them the owner of the InterMilan football team, had considered running. But they all preferred to keep out of the fray. "And so we have been left with a second division bunch of candidates; none with great charisma," the shopkeeper added, echoing the *vox populi*.

Local issues have been

Marco Formentini, above, the Northern League mayor of Milan, is being challenged by candidates from the Olive Tree coalition and the centre-right. In northern Italy the wild card will be how many voters remain faithful to the populist League. The centre-left Olive Tree fears a strong performance by the hardliners of Reconstructed Communism. If RC does well, its hand will be strengthened in opposing a tough reform of pensions. The elections are for mayors and councillors in 1,115 city and town councils.

overshadowed by the sense of a brewing political crisis in Rome. Even so, they have been short on substance. Mr Fumagalli has talked about great projects to revive the city; Mr Albertini wants an extra 600 policemen; Mr Formentini has sought to appeal to the man in the street by insisting that Milan would not open its doors to Albanian refugees.

And yet, for all three main political groupings, the stakes are high. For the secessionist Northern League, losing the most important city of northern Italy would be a huge blow. For the rightwing opposition, a victory by Mr Albertini would provide further ammunition in its campaign to destabilise Mr Prodi's current coalition. For Mr Prodi, the election of Mr Fumagalli would give his Olive Tree government a much needed fillip at a time of mounting political problems.

Sunday's election could also backfire on all three. The real risk is that great numbers of voters, disillusioned by the events of recent months, will stay away. That should send a signal to a political system in which most Italians have lost faith. The danger of a high abstention rate is all the greater because Friday is a public holiday and many voters, certainly in Milan, are likely to take a *ponte* – an extended weekend to enjoy the last snows on the mountains or perhaps a first dip in the sea.

Paul Betts

Izvestia staff resist takeover by oil giant

By Chrystia Freeland in Moscow

Oil barons and newspaper workers yesterday clashed in the corridors of *Izvestia*, the grand old dame of the Russia press, as Lukoil, Russia's most powerful oil company, stepped up its bid for control of the newspaper.

Lukoil, which claims to have brought together investors controlling 51.3 per cent of the shares in the newspaper, yesterday held its own meeting of Izvestia shareholders and appointed a board of directors dominated by Lukoil loyalists.

Izvestia, which has been at loggerheads with the oil company since publishing an article criticising the prime minister this month which the company disagreed with, said the shareholder meeting had no authority.

The newspaper, which had called a shareholders meeting for June 4, is also questioning the legitimacy of Lukoil's acquisition of its stake in the newspaper.

The battle between Izvestia and Lukoil, which has prompted many of Russia's leading cultural and political figures to publicly take sides, has become a national metaphor for the country's sometimes painful transition to capitalism.

Lukoil and its supporters argue that the dispute is a simple battle over shareholder rights and say that Lukoil and allied investors, as holders of a majority stake, have the right to choose its board of directors and dictate its policies.

But Izvestia, which is challenging the means by which Lukoil acquired its shares, is portraying the clash as a battle over the future shape of post-communist Russia.

The newspaper and its high-level backers argue that if Lukoil seizes control Russia will move one step further from democracy and closer to becoming a nation dominated by a small group of economic titans with close links to the government.

The battle burst into the open yesterday when a Lukoil delegation stormed into Izvestia's headquarters and tried to hold a shareholders meeting in the newspaper's main editorial meeting room.

Their way was barred by Mr Anatoly Danilevich, a senior Izvestia journalist, who locked the door to the room and physically barred their way. Angry Izvestia reporters held an ad hoc protest meeting in a nearby room, where they jeered Mr Leonid Fedun, the Lukoil vice-president, when he tried to address them.

Lukoil and its allies eventually retired to a nearby school, where they held a shareholders' meeting and appointed a new board of directors.

Mr Fedun said the meeting "was held in complete accord with the laws on joint stock companies" and that its decisions "were taken in accordance with the charter of Izvestia."

However, Mr Igor Golembiovsky, the Izvestia editor who has led the opposition to Lukoil, said he would dispute the results of the meeting in court.

He told the Russian newsagency Interfax that the conflict "had reached a boiling point and it is impossible to predict its outcome ... It clearly reveals the problem of relations between the press and capital."

The struggle began when Izvestia criticised Mr Victor Chernomyrdin, the Russian prime minister who has close links to the oil and gas lobby.

Earlier this week, a group of leading newspaper editors wrote an open letter to Mr Boris Yeltsin, the Russian president, asking him to intervene.

AMERICAN NEWS DIGEST

Clinton acts on pollution

President Bill Clinton yesterday announced a 30 per cent increase in the number of factories required to make public reports on the amount of pollution they release into the air, water or land. He announced a broadening of the so-called Toxics Release Inventory programme whose scope Republicans have sought to limit on grounds that it imposes an excessive burden on industry.

Some new 6,100 industrial sites, and seven new industrial sectors – metal mining, coal mining, electric utilities, hazardous-waste treatment, petroleum bulk terminals, chemical wholesaling and solvent recovery – will be subject to the reporting requirement.

The TRI programme does not mandate any reduction in pollution but it aims to increase the pressure on companies to clean up their production facilities by making more facts available to the public. Mr Clinton said 7,000 companies already providing information would be required to provide more details. *Bruce Clark, Washington*

■ President Clinton yesterday promised a creative federal approach to helping residents of the Upper Midwest rebuild homes, roads and utilities devastated by a season of blizzards and flooding.

In addition to the cost of rebuilding roads, bridges and other facilities, about 2m acres of farmland have been flooded and over 100,000 cattle lost. *AP, Grand Forks*

Whitewater extension sought

US prosecutors in the Whitewater investigation said yesterday they had gathered "extensive evidence" of possible obstruction of justice and asked a judge to extend the investigating grand jury's term by six months. The office of independent counsel Mr Kenneth Starr cited the obstruction probe as well as substantial new information from Mr James McDougal, the former business partner of President Bill Clinton and his wife Hillary, in requesting that the grand jury's term be extended to November 7.

Mr McDougal and his ex-wife Susan were convicted of fraud last year over $3m in loans from federally backed lenders for Whitewater, a real estate development 160km north of Little Rock, Arkansas. Mr McDougal began co-operating with prosecutors last year after his conviction. Prosecutors said they still wanted testimony from Susan McDougal, who has refused to testify and is jailed for contempt of court. *AP, Little Rock*

Honduras fears rebel rising

Honduran authorities say there are indications Zapatista guerrillas from Mexico may be working with Honduran Indians and have voiced fears a rebel movement may arise. Officials say members of the Zapatista National Liberation Army, which led a brief armed uprising among Mayan Indians in Mexico in January 1994, are advising Honduras' Chorti Indians in their demands for land.

"There are indications that the Zapatistas, former guerrillas from El Salvador and Nicaraguan political groups have infiltrated the Chortis in Honduras," said Mr Cesar Chavez, national police chief. "A ferment is being created which would allow the creation of an irregular armed force," he said.

Human rights groups estimate that 31 leaders of Honduras' 660,000-member Indian minority have been assassinated in the last 10 years in disputes over land tenure. *AP, Tegucigalpa*

Many customers may end up paying twice for using cash machines

Charge-hungry US banks under fire

Residents of the Bronx and Manhattan's upper west side received a letter from Mr Franz Leichter, their state senator last week. It made no attempt to score points against his local opponents. Instead, it was headed: "How to outsmart the banks at their own game."

Mr Leichter then gave detailed advice on how much banks were charging on a range of basic services, with hints on hidden charges, and how to switch accounts.

The centrepiece of his newsletter, now being studied by consumers in a large swathe of New York City, is a league table ranking all 44 banks active in the area according to their total charges. The most expensive proved to be Citibank and Chase Manhattan Bank, the two largest financial institutions in the US.

Mr Leichter proclaims his ranking as "the only banking guide of its kind," but it is symptomatic of a growing conflict between legislators and banks over charges.

The catalyst was the decision last April by Visa and MasterCard, the banking associations which control the nation's two largest networks of automated teller machines (ATMs), to allow member banks to levy surcharges on customers each time they made a withdrawal. These charges could be added to the fee which about 80 per cent of banks already charged their account holders for using another company's ATM.

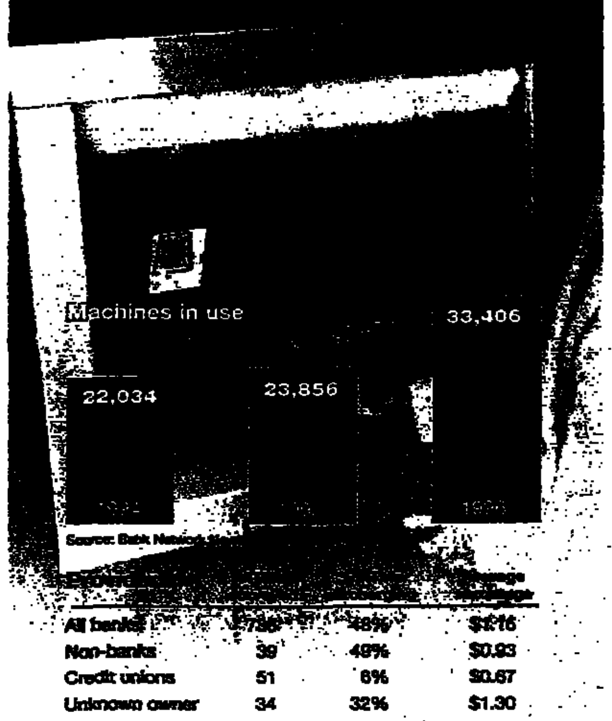
Visa and MasterCard defended the decision. According to Visa, "state government intrusion" had forced the change, with 15 states effectively outlawing its rules barring banks from surcharging. Both associations insist that the surcharge is made explicit to consumers before they withdraw cash.

But in the Senate, Mr Alfonse d'Amato, a New York Republican and chairman of the banking committee, wants to pass legislation outlawing ATM surcharges altogether. Mr d'Amato, who failed in his attempt to pass such a law last year, and faces opposition from some of his Republican colleagues, describes surcharges as "monopolistic" and "just plain wrong".

Banks are pledged to fight him. They claim that surcharges have changed the economics of ATMs, leading to a huge increase in the number of machines being built in the last year, thus providing extra convenience for consumers.

The American Bankers Association claims ATMs have "expanded consumers' options in a way that would have been unthinkable 25 years ago". "The marketplace should decide prices for ATMs, not the government. Price controls will only inhibit innovation and put a halt to future ATM growth," it says. It points out that an extra 33,406 terminals were provided last year, a record increase of 40 per cent on the year before. Increasingly these are seen as investment opportunities for non-banks, such as Electronic Data Systems, and for groups of wealthy individuals, who install ATMs in convenient locations such as hospitals, hotels, supermarkets and theatres – all places where consumers are less likely to be deterred by a surcharge.

US ATMs: a licence to print money?



All banks	[illegible]	[illegible]	[illegible]
Non-banks	39	49%	$0.93
Credit unions	51	6%	$0.67
Unknown owner	34	32%	$1.30
All ATMs	860	45%	$1.15

Source: Survey by Public Interest Research Groups

But surveys by consumer groups show that surcharges have increased at an even faster rate. According to a national survey of 860 ATMs conducted by US Public Interest Research Groups – a network of consumer lobby groups linked to Mr Ralph Nader – the proportion of machines levying a surcharge to customers who did not hold an account with that bank doubled to 45 per cent in the six months to April.

The average amount surcharged has also increased from 97 cents to $1.15. Larger banks were more likely to charge, with 52 per cent of ATMs owned by the nation's 100 largest banks levying charges at an average of $1.24, while only 39 per cent of smaller banks made a charge, at an average of $1.06.

Mr Ed Mierzwinski, the group's consumer programme director, said: "Consumers should not be charged twice to use the ATM only once. Congress and state legislatures have a clear choice – they can protect consumers, or they can let the big banks keep on picking consumer pockets."

The consumer groups also claim that banks try to hide their charges from state legislatures. Wells Fargo, a large San Francisco-based bank, levied a charge of $1.50 at 27 of 28 ATMs surveyed in six states. The one exception had a large red sticker proclaiming no fee for cash withdrawals. It was situated inside the California State Capitol in Sacramento.

However, a look at geographical trends suggests competition may be working. Charging is almost universal across southern states such as Georgia and North Carolina, markets dominated by a few large banks. But only 7 per cent of ATMs charge in New York state, where there is strong resistance from consumers.

In several states, such as Kentucky, Massachusetts, and California, where BankAmerica and Wells Fargo, the state's largest, both levy charges, groups of smaller banks have formed alliances which guarantee not to surcharge, and then advertise this as a competitive advantage. The Californian scheme makes plain the choice for consumers. Each participating ATM will carry a sticker like a road sign with the word "surcharge" slashed out by a red diagonal line.

John Authers

US may face uphill task on EU-Iran shift

By Bruce Clark in Washington

The US is seeking to take advantage of a recent easing of arguments with the European Union to hammer out a joint strategy on Iran and eastern Europe.

But officials on both sides say progress is fragile and there is still scope for serious misunderstanding.

Mr Peter Tarnoff, a senior State Department envoy, called at the French foreign ministry yesterday as part of the US drive to build a joint strategy to "modify the behaviour" of Iran. The US has described the easing of transatlantic arguments over Iran – following the suspension of the EU's "critical dialogue" with that country – as a "window of opportunity" to harmonise US and EU policy.

"We'd like to be in a position to argue with the Europeans that they ought seriously to consider specific measures ... to make sure all of us confront the threat that Iran poses," said Mr Nicholas Burns, State Department spokesman.

"We're going to listen respectfully to the views of ... European countries, [but] we are quite confident about the rightness of our policy," he said, apparently anticipating that Mr Tarnoff's task will not be easy.

European governments, including Germany which is Iran's biggest partner in the EU, have been resisting the idea of a broad economic boycott of Iran of the kind Washington would like to see.

Mr Hans van den Broek, the EU's external affairs commissioner, said in Washington yesterday the UN Security Council was the appropriate body to declare economic boycotts, and this was very unlikely in the case of Iran. "Our experience is that economic boycotts have not produced very much," he said

In the case of Serbia, the EU official said, an economic embargo had apparently helped to make Belgrade more co-operative – but at a very high price, including heavy damage to the region's economy, and an upsurge in smuggling and illegal economic activity which might have played a part in sparking the recent Albanian crisis.

Noting that Iran occupied an important strategic position, because of its proximity to both Iraq and to central Asian energy supplies, he said it was questionable whether a policy based on total isolation was either desirable or feasible.

In other messages that may jar on some US ears, the commissioner said he had asked the US administration "not to create undue expectations about the speed with which Turkey could integrate into the EU".

He also made it clear EU membership was not a "consolation prize" for disappointed applicants to Nato.

This was an implied rebuff to those US policymakers who have suggested that the Baltic states be brought into the EU more quickly.

Jamaica tries to rekindle faith in financial services

Canute James reports on Kingston's measures to woo investors

Jamaica will introduce a deposit insurance programme this year as part of an effort to restore confidence in the financial services sector which has been hit in the past 10 months by the failure of two big conglomerates.

This will accompany improved regulation of banks and other deposit-taking institutions which will have to meet more stringent capital and management requirements, said Mr Omar Davies, the finance minister.

The island's once booming financial services sector contracted by 5.2 per cent last year, according to figures released by Mr Davies. Financial institutions have been under pressure, and have turned to the government for help.

Several banks have been the subject of runs by distraught and angry depositors after the collapse in July of Century National, a conglomerate which owned a commercial bank and whose liabilities were J$6bn (US$175m) more than its assets.

Eagle Financial Network, one of the island's larger conglomerates which owns a commercial bank, a merchant bank and a life insurer, was taken over by the government last month because it was insolvent.

"The problem is not systemic," said Mr Davies. "It is manifest in the banks but is not related to the operations of the banks, but to non-banking activities of the companies which own banks." The problems follow rapid expansion in the financial sector over the past five years, after extensive government deregulation.

The expansion coincided with the use of high interest rates to reduce liquidity, easing pressure on the exchange rate and curbing inflation. "This rapid growth in the financial services sector left several institutions undercapitalised," said Mr Charles Ross, executive director of the Private Sector Organisation.

"With high interest rates, many had problems with the quality of their loan portfolios. Now they have to finance long-term assets with high-cost short-term debt, and this has been compounded by the deteriorating quality of loan portfolios."

The takeover of Eagle Financial, and the government's financial support for several insurers, is being done through a new agency, Financial Sector Adjustment Company (Finsac), with J$6.3bn of public funds. In shoring up troubled companies, Finsac can appoint directors, including chairmen, and can also appoint executives for general and financial management.

"In providing this support, we are not making grants or writing off losses," said Mr Percival Patterson, the prime minister.

"The loans will be provided in accordance with sound financial practices backed by the necessary guarantees and securities. We intend to recover, over time, the maximum amounts advanced to the affected companies."

'Many had problems with the quality of their loan portfolios'

In trying to prevent the collapse of finance companies, the government will not remain a principal. "The intention is to retain the shares only for as long as it takes to restore viability to the companies," said Mr Davies. "It will, at that time, immediately sell its shares and cede control to the private sector."

Not all the island's bankers are happy with the government's treatment of the problem. Some have complained that healthy institutions have suffered from a fall in public confidence in banks because the government has been indecisive. This complaint is shared by Mr Edward Seaga, leader of the main opposition Labour party and a former prime minister and finance minister, who says the government's move has been too little and too late.

Business leaders say the government has to rebuild public confidence in the financial services sector before it can hope to mend the economy.

However, the government has taken comfort in a steady increase in foreign reserves, which now cover eight weeks of imports. Mr Davies points frequently to the relative stability of the currency, while inflation is being curbed, down to an estimated 11 per cent in the 12 months to March from 23 per cent a year earlier.

While confidence in the economy had been hurt by the uncertainty in the financial sector, Jamaicans had not perceived the problem as pervasive, said Mr Davies. "In all this, while money has been moved from some banks to others, there has been no capital flight from Jamaica."

Clinton makes choice for Fed

By Gerard Baker in Washington

President Bill Clinton has chosen two candidates to fill vacancies on the board of governors of the US Federal Reserve.

White House officials confirmed that Mr Roger Ferguson, a partner of the management consultants McKinsey, and Mr Edward Gramlich, an economics professor at the University of Michigan, were the president's proposed nominees for the vacancies at the central bank. The formal announcement of their nominations is expected to be delayed for another week or so pending completion of background security checks.

Mr Ferguson, who holds a PhD in economics from Harvard University and also spent time as a student at Cambridge University, would be only the third black man to sit on the Fed's board.

Mr Gramlich is a distinguished economist who has served on various public commissions, most recently, a committee which looked at the future of social security, the national public pension system which faces financial difficulties in the next century.

The candidates chosen may disappoint many in the banking sector pressing for the appointment of a commercial banker. The appointments leave no one with direct professional experience of banking on the Fed's board, an unusual state of affairs given the important role the central bank plays in banking supervision.

The nominations, which must be confirmed by the Senate, would mark the fourth and fifth Clinton appointees to the seven-member Fed board. None of those appointed so far has appeared to be seriously at odds with the prevailing monetary policy pursued by Mr Alan Greenspan, Fed chairman and the latest nominees are unlikely to prove any different.

If confirmed, the two men will replace Ms Janet Yellen, who left in January to head the president's Council of Economic Advisers, and Mr Lawrence Lindsey, who resigned from the Fed at the same time to take up a position in the private sector. One of the new members will be appointed until 2000, the other until 2008.

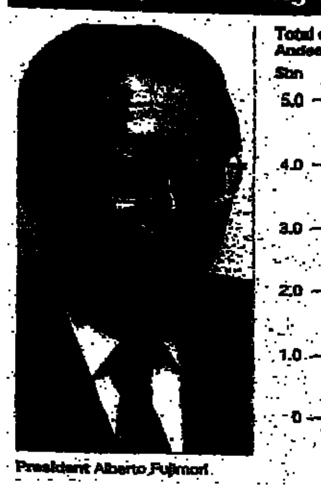
NEWS: WORLD TRADE

Today's agreement will signal wider South American co-operation

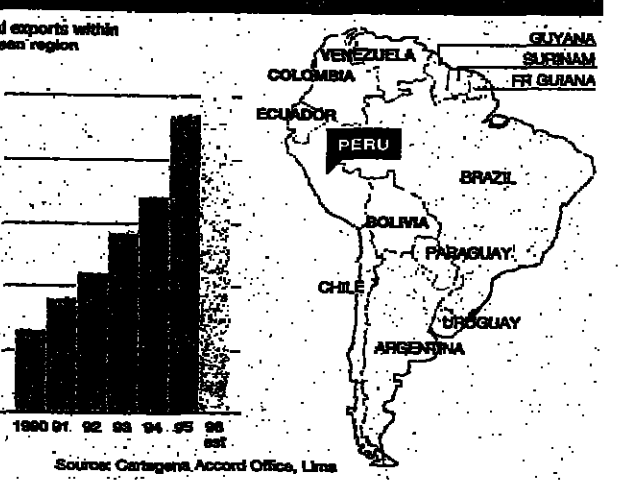
Andean pact begins to crumble

By Sally Bowen in Lima

Andean pact: falling apart



President Alberto Fujimori



Source: Cartagena Accord Office, Lima

A declaration to be signed today in Sucre, the constitutional capital of Bolivia, is expected to herald the demise of the 28-year-old Andean trade pact and usher in an era of wider South American trade co-operation and integration.

At the same time, officials will seek to include a formula to soften the blow caused by Peru's decision to withdraw from the regional trading bloc, while admitting Panama.

President Juan Carlos Wasmosy of Paraguay, which currently holds the presidency of Mercosur, the southern regional trading bloc, is expected to sign the declaration smoothing the way for the old Andean Pact – now Andean Community – to merge gradually with its younger and more dynamic rival.

The presidents of Venezuela, Colombia, Ecuador and Bolivia – all Andean pact members – are in Sucre for the annual two-day regional trade summit. So too is President Ernesto Perez Balladares of Panama, attending yet another high-level meeting as an observer. But Peru's President Alberto Fujimori has declined to be there. He confirmed informally last week that Peru would withdraw from the Andean trade alliance.

Innovative and exciting when it was founded in May 1969, the cracks in the structure of the Andean pact have long been evident.

Intra-regional trade has expanded swiftly in recent years but tariff differentials, long lists of exceptions and hidden subsidies meant that, theoretically, free trade was riddled with loopholes which favoured one country or industry over another.

That, at least, is the official Peruvian view.

A year after its sweeping 1991 trade liberalisation – when all tariffs were reduced overnight to either 15 or 25 per cent and all subsidies abolished – Peru requested a temporary suspension of membership of the Andean pact.

Five years on, Lima insists the playing field is still not level enough to warrant renewing full membership.

"Unfortunately, Colombian and Venezuelan officials forget that the basis of trade integration – anywhere in the world – is mutual co-operation and just and equitable treatment between members," said Mr Juan Francisco Raffo, president of Peru's National Exporters' Association.

Although it could be five years before Peru's divorce from the Andean trade group takes full effect, Mr Fujimori now says he is seeking integration with bigger blocs, rather than the restricted immediate region.

Peru was recently accepted as one of the next full members of Apec, the Asia-Pacific Economic Co-operation forum, and has made approaches to Mercosur.

Only a year ago, at the Trujillo summit in north-central Peru, the Peruvian and Bolivian presidents spearheaded a last-ditch attempt to keep the Andean trade region together, relaunching it as the Andean Community and streamlining its administrative structure.

The first secretary-general of the Andean Community should be elected today and some mechanism devised to include Panama.

But with Bolivia, one of the four remaining founder members of the Andean Community already enjoying associate membership of Mercosur, the writing could be on the wall for Latin America's oldest trade organisation.

ILO chief in appeal for 'social labelling'

By Robert Taylor, Employment Editor

A global system of "social labelling" should be introduced to guarantee that internationally traded goods are produced under humane working conditions, according to a report published yesterday by Mr Michel Hansenne, director-general of the International Labour Organisation.

Introducing the proposal, which will be debated at the ILO's summer conference, he said "it would be perfectly feasible for a system of inspection under an international labour convention, which would allow each state to decide whether to give an overall social label to all goods produced on its territory, provided it accepted the obligations inherent in the convention and agreed to have independent monitoring on the spot".

Acceptance of "social labelling" would be voluntary among ILO members.

Mr Hansenne's proposal is part of the Geneva-based organisation's strategy to link social progress in the workplace more closely to the liberalisation of world trade. This follows recognition by the WTO that the ILO is the "competent body" to deal with the relationship between trade and labour standards.

The ILO director-general also favours the creation of universally accepted ground rules ensuring respect for fundamental human rights at work.

Mr Hansenne wants ILO member states to issue a declaration of fundamental rights as a condition for being able to "share the benefits of globalisation".

This would be binding on all countries belonging to the ILO whether or not they had codified the core labour standards conventions in domestic laws.

The declaration would cover acceptance of the freedom of association and collective bargaining; the prohibition of forced labour, including child labour; and acceptance of equality of treatment and non-discrimination between workers.

Mr Hansenne also wants the ILO to introduce regular reports evaluating member states' efforts "to translate economic development resulting from the liberalisation of trade into genuine social progress".

He said that without such transparency, globalisation would be seen by many as a "threat not a promise" and would be regarded by workers as implying "a downward levelling of pay for jobs of equal skill in a market in which goods and capital can freely circulate".

It was unclear yesterday whether Mr Hansenne's proposals would be acceptable to member state governments, employer organisations and trade unions who will be represented at the ILO conference.

But Mr Hansenne, who is entering his final two-year phase as director-general, is keen to strengthen the labour organisation's role in insisting social progress must run in tandem with trade globalisation.

In his report, the director-general also calls for the ILO's labour standard-setting machinery to be bolstered through a "more judicious choice of subjects" for investigation and by "exploiting the variety and flexibility of the room for action provided by the ILO's institutions".

Caribbean jumps aboard cargo boom

Region is becoming hub for container traffic, writes **Canute James**

Freeport in the Bahamas, traditionally a host to cruise ships, formally began receiving cargo vessels this month, joining other container ports in the Caribbean region which are spending about $500m to take advantage of rapidly growing trade between North and South America.

Freeport's container transhipment terminal is a $78m joint venture between Hutchison International Port Holdings, the port operating division of the Hutchison Whampoa Group of Hong Kong, and the Grand Bahama Development Company, part of the Grand Bahama Port Authority. Hutchison is managing the port.

The Caribbean region is becoming an important hub in global container cargo traffic, say owners of the region's ports. They expect the expansion will take care not only of current demand, but will meet an expected expansion of container traffic when a proposed hemispheric free trade area is created in 2005.

The Caribbean's proximity to the Panama Canal also gives it an advantage in capturing transshipment traffic between the Atlantic and Pacific Oceans.

"Trade between the US and Latin America has been growing faster than that between the US and Europe, and this region is making money out of it," said Mr Byron Lewis, senior vice-president for planning for the Port of Authority of Jamaica. "The expansion of the ports in the region is a reaction to the increasing demand."

This growing market is behind a $80m expansion of the container terminal at the port of Kingston, whose owners expect a doubling of business by 2000. Cranes have been added to the terminal, with berths and container storage parks extended. The added capacity is dedicated to transshipment business.

Caribbean ports are also benefiting from the growing inability of leading US East Coast ports to expand and handle the higher volume of trade, said Mr Gary Lemke, the container port manager for Freeport. "There has also been growth in business between Europe and South America. The Caribbean benefits because it is on a major trade lane and the world's big shipping lines use Caribbean ports for swapping cargo."

Owners of other ports in the region plan to take advantage of the growing business. The Point Lisas Industrial Port in Trinidad contracted Thames Port of the UK to plan the development of the trans-shipment hub. By offering container handling facilities, Point Lisas could get between 30 and 40 per cent of the containerised cargo moving through the region, and particularly traffic to and from Brazilian ports, say officials.

A dedicated container terminal was recently opened at Vieux Fort in southern St Lucia, with its owners seeking clients who want transshipment connections for Central and South America to North America, Europe and west Africa. The Port Authority of Guadeloupe, a French department in the eastern Caribbean, has expanded the facilities at Pointe-a-Pitre/Jarry to take advantage of increased traffic between the Americas and Europe. A third terminal, costing $25m, has been opened.

The port of Bridgetown in neighbouring Barbados is being expanded during the next three years with $60m being spent to improve facilities.

Changes in shipping regulations in South America, including the dismantling of cargo preference legislation, have encouraged many shipping lines to do business at Caribbean ports.

Competition was forcing the ports to higher levels of efficiency, said Mr Lewis. While the globalisation of trade has reduced tariffs significantly, inefficient ports could constitute a tariff barrier, he said.

NEWS: ASIA-PACIFIC

Tokyo's Big Bang boosts foreign fund managers

By Gillian Tett in Tokyo

Foreign fund managers in Japan are reporting a sharp upturn in business, the most striking evidence so far that the country's "Big Bang" financial deregulation is creating fresh opportunities for overseas financial groups in Tokyo.

Private industry data show that foreign investment advisers, including joint ventures, increased business by about 185 per cent to some Y2,214bn ($17.4bn) between April and December alone last year, which if sustained would triple business in the 1996 fiscal year.

With deregulation still unfolding, Japan's Y240,000bn pension fund system could emerge as one of the fastest growing markets for foreign fund management. Mr Jesper Koll, an economist with JP Morgan said: "This is now one of the biggest business opportunities anywhere in the world for fund management – it will make the recent US mutual fund boom pale in comparison."

The surge in business, highlighted in unpublished data from Japan's Securities Investment Advisers Association, has been triggered by a discrete recent relaxation of corporate pension fund rules.

Japanese companies previously had to place most pension funds with the conservatively run Japanese life insurance companies and trust funds which have recently offered low returns. But last April they were allowed to invest far more funds with new, "independent" investment groups.

This has forced a flood of Japanese companies, keen to boost returns on their pension fund assets, to turn to investment advisers: between April and December investment advisers' funds rose 88 per cent to Y12,853bn.

The five largest beneficiaries of the trend were the investment adviser wings of the Japanese companies Nomura, International Bank of Japan, Nikko, Daiwa and Yamaichi. On average they increased their assets by 45 per cent.

A new joint venture between BZW and Nikko increased business more than eight-fold. Mr Andrew Simmonds, BZW president in Japan, said: "This is a sign that pension fund market is becoming more discerning and performance oriented."

At the same time, wholly foreign owned groups increased their business by 124 per cent in the period, increasing their market share to some 12 per cent.

Schroders, Deutsche Morgan Grenfell, Mercury Asset Management and Jardine Fleming are, in order of size, currently the largest foreign players.

However, a flood of new companies are now seeking to enter the market, and US groups such as Fidelity and Invesco have roughly tripled their business in this period.

Mr Hitoshi Yamamote, president of DMG asset management said: "We can barely believe that we have seen such growth last year – but competition is getting much tougher."

Bungling deals serious blow to Japan's nuclear power

Gwen Robinson finds all the bowing and scraping by Donen executives may do little to salvage industry's scarred image

An extraordinary spectacle this week confronted residents of the rural Japanese town of Tokai, 115km north-east of Tokyo, when 120 senior nuclear energy officials in groups of five or six went from house to house, knocking on doors.

At each one they bowed deeply and presented letters of apology for the country's worst nuclear accident – an explosion and fire last month at a nuclear reprocessing facility outside the town.

The officials, all executives of the government's Power Reactor and Nuclear Development Corporation, known as Donen, will continue their penance through the week, until they have bowed and scraped before all 11,300 households in Tokai.

But the apology blitz will do little to boost Donen's rapidly sinking image. Critics say it is like throwing an ice cube on a fire, coming as it does amid a growing scandal that some believe is driving a slow meltdown of the government's ambitious nuclear energy programme.

Donen, the largest of the government's research and development organisations, was established in 1967 to pursue Japan's holy grail of energy self-sufficiency from homegrown technology.

In a country overwhelmingly reliant on imported energy sources, Donen's mission had a powerful and persuasive appeal. The prize of self-sufficiency helped counter deep seated fears among many older Japanese of all things nuclear, stemming from memories of the atomic bomb attacks which ended the second world war.

While most advanced nations scaled down or abandoned plans to develop nuclear fuel recycling technology, Donen steadily developed an empire of research centres and nuclear power facilities, including experimental fast-breeder reactors. The private sector joined in to build and operate most of Japan's 52 nuclear power plants, which now generate nearly a third of the country's power.

Donen, however, kept a firm grasp on every stage of the government's nuclear fuel reprocessing cycle, from uranium exploration to reprocessing of spent nuclear fuel, and continued operating six facilities. The organisation came to symbolise the government's nuclear policy, and the goal of deriving more than 40 per cent of total power requirements from nuclear reactors.

The organisation's image is now crumbling amid a welter of allegations about incompetence and mishandling of emergency procedures in nuclear plant accidents. And proponents of nuclear power fear that the government's programme is crumbling with it.

Government officials, from Mr Ryutaro Hashimoto, the prime minister, down, have publicly castigated Donen in the last few weeks. The Science and Technology Agency, which is responsible for overseeing the organisation, has even taken legal action against Donen officials and has said it intends to abolish the organisation.

Experts fear explosion may have released long-lasting radioactive isotopes

A government team is now studying plans to privatise most of Donen's operations, and transfer research and some technical functions to other government organisations.

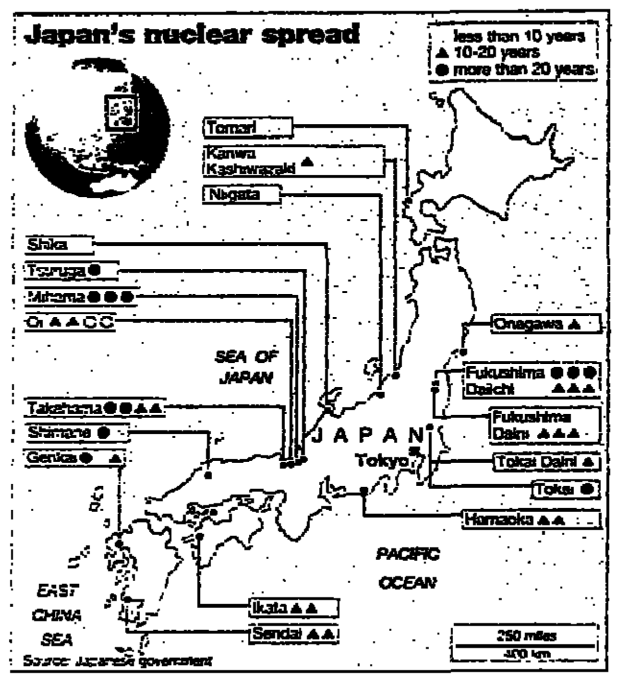
But the history of mismanagement at Donen raises compelling questions about the government's responsibility, and why the organisation escaped censure for repeated falsification of information and violations of safety regulations.

Tokai's residents, meanwhile, remain far more concerned about future tests for atmospheric radioactivity. So far, at least 37 workers at the plant are known to have suffered exposure to low-level radiation in the accident, which resulted from Donen's failure to properly extinguish a fire on March 11.

Nuclear experts now fear the explosion may have released long-lasting radioactive isotopes, but will be unable to determine the effects on local residents for some time.

Donen officials falsely claimed in an official report that they had confirmed the fire was extinguished shortly after it broke out. But Donen's chief executives later admitted no such confirmation was made. The fire flared up again hours later, causing an explosion which released radioactive gas.

Just as the public was digesting Donen's admissions of lies and mishandling of emergency procedures, fresh disclosures came of the organisation's bungling and falsification of information about a string of other nuclear accidents, at least 11 of which went unreported until Donen executives disclosed details last week.



The revelations followed reports of yet another nuclear accident last week, when radioactive tritium leaked from Donen's advanced thermal reactor in the coastal region of Fugen, some 330km west of Tokyo.

Officials delayed reporting the accident for nearly 30 hours, and later admitted at least 11 such leaks had occurred between 1993 and 1997. The previous incidents were all considered too minor to report, being well below the radiation level at which the organisation was legally required to report irregularities, the officials said.

Outraged critics said Donen had violated public expectations that all leaks and irregularities at nuclear plants would be reported – particularly after Donen's greatest disgrace, which followed the massive leak of sodium coolant at an experimental fast-breeder reactor known as Monju in late 1995. No one was injured in the incident, but subsequent investigations unearthed a web of lies and mismanagement by Donen officials, including the doctoring of videotapes of the accident and the mishandling of emergency procedures.

The latest reports have fuelled growing public anger and suspicion that Donen may have covered up numerous irregularities in nuclear power generation over the years. The suspicions raise further doubts, however, about how much was known by the many other arms of government involved in Japan's large and growing nuclear energy industry.

Victoria in biggest sell-off

By Bruce Jacques in Sydney

The state government of Victoria in Australia yesterday announced the country's largest privatisation, the A$4.86bn (US$3.8bn) sale of Loy Yang A, the state's biggest electric power station.

The deal, which comes amid deregulation of the Australian electricity market, is the latest in a series of power sales by Mr Jeff Kennett, Victoria's premier, which has netted the state almost A$19bn in recent years.

The sale means that four of Australia's five largest privatisations have involved Victorian electricity assets, the fifth being the federal government's A$4.2bn float last year of part of the Commonwealth Bank.

The Loy Yang A record is likely to stand until later this year when Canberra plans to float one third of Telstra, its state-controlled telecommunications group.

The consortium behind the Loy Yang A purchase is headed by US energy companies CMS Generation with 50 per cent, and NRG Energy with 25 per cent. The balance will be purchased by Horizon Energy, an Australian consortium involving Infrastructure Trust of Australia, ANZ Securities, Macquarie Bank and Unisuper.

The consortium headed off two other bids for Long Yang A, a 2,000MW brown coal-fired power station in Victoria's Latrobe Valley region, with a dedicated brown coal mine nearby.

The purchase will be funded by one of Australia's largest issue of debt, co-ordinated by ANZ Investment Bank. The bank debt is being underwritten by lead arranger ANZ and will also involve NationsBank, Banque National de Paris, Sumitomo, WestLB, First Chicago NBD Bank, Indosuez, ABN Amro Bank, Deutsche Bank, National Australia Bank and the AMP Society.

The deal is also intended to lead to an Australian stock exchange listing for Horizon, probably next year. Mr Kennett said yesterday funds raised from the sale would be used to reduce the state's debt.

Ironically, the power sale has fuelled doubts about the national benefits of electricity deregulation because of the problems associated with the industry's wide geographic spread.

Victoria and New South Wales, neighbouring states and the country's two most populous, will be the testing ground for the new system which envisages replacing a series of state-based monopolies with competitive power pricing across state borders.

While New South Wales has corporatised its system and split it into six regional generating companies, their continued public ownership has so far meant markedly less price competition than is developing in Victoria.

ASIA-PACIFIC NEWS DIGEST

India's UF likely to win key vote

India's United Front government was expected to win a vote of confidence last night after the Congress party, which had brought down its predecessor by withdrawing parliamentary support, renewed backing for the minority coalition under its new leader Mr I.K. Gujral, the prime minister.

After the vote parliament is next due to meet on April 30, when it is expected to pass the finance bill for the previous UF government's low-tax budget. Mr Manmohan Singh, former Congress party finance minister who was a chief architect of India's five-year-old economic reforms, said in parliament his party would seek no changes in the budget. "I see no problem in the passage of the budget," he said.

However, the fate of Mr P. Chidambaram, the budget's author and former finance minister, remained unclear as his party, the Tamil Maanila Congress, remained aloof from the reconstituted UF government. It withdrew from the coalition during the bitter leadership election in which Mr Gujral emerged as compromise candidate. Mr Gujral has for now retained the finance portfolio. However, he appealed openly in parliament for Mr Chidambaram and his party to return to the UF fold. *Mark Nicholson, New Delhi*

N Korea food demand rejected

Discussions to persuade North Korea to join peace talks stalled after South Korea and the US refused to provide food aid demanded by Pyongyang as a precondition for negotiations on arranging a formal end to the 1950-53 Korean war. Seoul said it could not give food aid to starving North Korea before the peace talks because it would reduce the chances of Pyongyang accepting the proposal.

A South Korean delegation that had been holding discussions in New York with North Korea and the US on the peace talk proposal flew back to Seoul, but it promised to maintain working-level contacts with North Korean officials in the US on the proposal.

Seoul is considering releasing some food supplies through the South Korean Red Cross in an humanitarian gesture. *John Burton, Seoul*

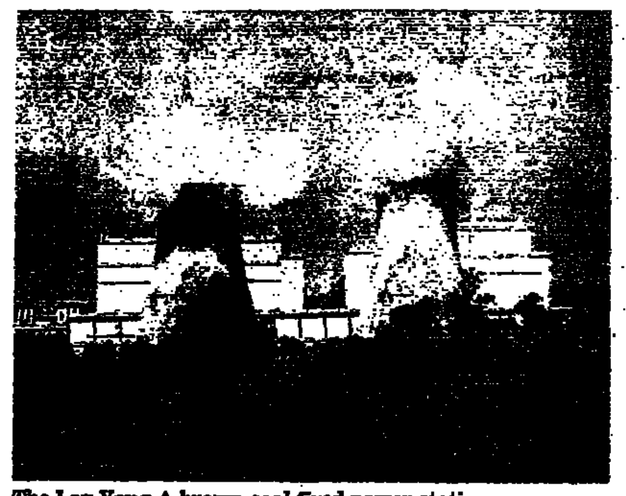
Clinton to meet Dalai Lama

President Bill Clinton is expected to meet the Dalai Lama today at the White House, in spite of objections by China, administration officials said yesterday. The exiled Tibetan leader will meet Vice-President Al Gore at his offices, and Clinton will make a "drop-by visit" during those talks, the officials said.

In Beijing, the Chinese foreign ministry spokesman, Mr Cui Tiankai, said his government was opposed to such a meeting. "We resolutely oppose any meetings between US leaders and the Dalai Lama," he said. *Reuter, Washington*

Hanoi permits currency club

Vietnam has set up its first foreign exchange association, aimed at regulating the country's rudimentary interbank currency trading market, foreign bankers said yesterday. Daily trading volume at two markets – in Hanoi and Ho Chi Minh City – is little over $15m a day. The new, 95-member club, known as Vinaforex, has been set up by the local bankers' association and follows the Association Cambiste Internationale code of conduct, an industry standard. Foreign banks on the Vinaforex committee are Standard Chartered Bank, Hongkong Bank and Deutsche Bank, which have treasury operations in the communist-run country. *Jeremy Grant, Hanoi*



The Loy Yang A brown coal-fired power station Reuter

Australia body rejects claim for low paid

By Bruce Jacques

Australia's central wage-fixing body has rejected the bulk of a union wage claim on behalf of the nation's lowest paid workers, awarding instead a A$10 (US$7.80) a week pay rise – about half the original demand.

The decision yesterday by the Australian Industrial Relations Commission represented the first such adjustment in almost two years for the 30 per cent of the work force unable to negotiate wage rises under the enterprise bargaining system now operating in most of the nation's work places.

The decision was immediately hailed by most economists as consistent with continued low inflation growth over the next year.

The decision followed a claim by the Australian Council of Trade Unions (Actu), the country's top employee organisation, for a A$20 a week wage rise plus an 8.75 per cent rise in the minimum wage.

The union claim had drawn criticism from the Reserve Bank, Australia's central monetary authority, as a threat to low inflation levels. Official figures due tomorrow are likely to confirm an annual inflation rate running well below 2 per cent for the latest year.

The Reserve Bank had indicated it would be "concerned" with total wage rises above a 4.75 per cent annual rate, implying such an occurrence may force it to consider raising interest rates.

The Commission alluded to the Reserve Bank's concerns in yesterday's statement, saying it did not want to risk higher interest rates or contribute to a worsening of the "high and seemingly stationary" unemployment rate, officially put at around 8.5 per cent.

The Commission said that the A$10 a week wage rise would add about 0.34 per cent to the current year's average weekly earnings which officially rose by 3.9 per cent for the latest quarter. Another recent measure suggested wage rises under enterprise bargaining rose by 4.8 per cent in the latest year.

Australian fixed interest markets strengthened slightly following the wage decision yesterday, with most economists calling it "neutral" for monetary policy.

But Actu president, Ms Jennie George, described the wage rise as "lacking courage" and said a further wage claim would be made as soon as possible. The Actu would also continue seeking wage rises through the enterprise bargaining system.

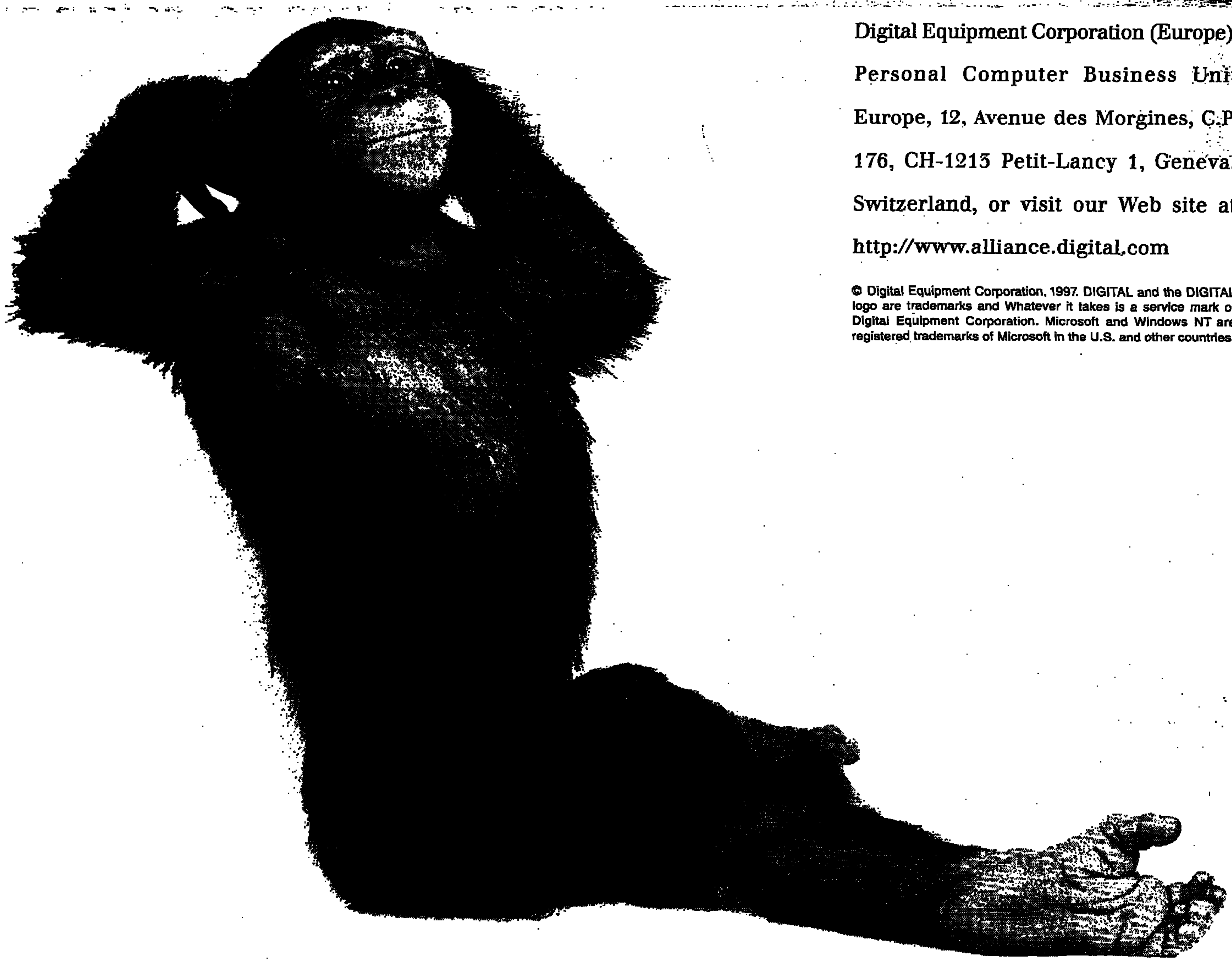
Mr Peter Reith, industrial relations minister, said the wage rise was fair and called on the Actu to abandon further claims.

Monkey on your back #47: How to get started on Windows NT® with a company that's not just getting started on Windows NT.

Sure, there are many companies that are dabbling in Windows NT® nowadays. But wouldn't you rather make the move with the one company that's been close to Windows NT since its inception? DIGITAL. Our alliance with Microsoft® is backed by a relationship that's over a decade long. And we have more than three years' real-world experience in Windows NT, with proven hardware-and-services solutions up and running globally. We also have more trained and certified Windows NT experts worldwide than any other Microsoft partner. Even more than Microsoft itself. And while DIGITAL currently offers the industry's most extensive line of Windows NT hardware products, we're already leading the way in 64-bit computing, for the next generation of Windows NT. All of which just goes to show that we'll not only get you started on Windows NT, we'll keep you going.

digital™
Whatever it takes.℠

For more information, please contact Digital Equipment Corporation (Europe), Personal Computer Business Unit Europe, 12, Avenue des Morgines, C.P. 176, CH-1213 Petit-Lancy 1, Geneva, Switzerland, or visit our Web site at http://www.alliance.digital.com



Growth of 'star system' worries regulator

'Hollywood' attack on City of London

By William Lewis, Investment Correspondent

A leading financial services regulator has hit out at the developing Hollywood-style "star culture" in the City of London and expressed concern that it may be weakening the role of management in determining bonuses.

Mr Nicholas Durlacher, chairman of the Securities and Futures Authority, the investment banking regulator, states in one if its publications that there "is a certain unease among regulators that businesses are apparently embracing the star system without a proper examination of the consequences for management".

"The worry is that the development of the star system is somehow allowing the 'stars' to usurp the role of management in determining bonuses". He compares the City with Hollywood and warns that "once Hollywood adopted the original star system it proved impossible to shake off; the same may prove true in the financial services sector".

City regulators needed to ask management "some probing questions" about how they were dealing with the star culture. "We want to ensure that the bosses are running and controlling their City businesses, even if they are lucky enough to be employing 'superstars'".

His comments follow warnings last month by the Bank of England, the UK central bank, about the dangers of badly structured City bonuses. It is urging banks to restructure their schemes to reward long-term, not short-term performance.

A Bank of England study warned that large, variable bonuses that depend on some measure of performance can become a one-way bet for traders, who win if they generate profits for the business but do not suffer if they lose money.

Concerns about bonuses have been heightened by City scandals, including the Peter Young affair at Deutsche Morgan Grenfell and a £90m loss by NatWest Markets, the investment banking arm of National Westminster Bank, through mispricing of fixed income swaps.

In the article, Mr Durlacher says he does not intend to tell City firms how much they should pay their executives.

He suggests, however, that over the past year City bonuses have been more "skewed towards individual performance" than in previous years and have led to concern about the appropriateness of the star culture.

He says that if City firms dealt with the willingness of staff to "play the transfer market" by offering "even greater inducements regardless of business performance, whether to secure old blood or to lure new, then regulators could join in the worrying".

Mr Durlacher also questions guaranteed bonuses, where reward is not even dependent on performance, which could build up a high, inflexible cost base.

The first sponsored street signs in England were unveiled yesterday in the northern districts of Redcar and Eston. The scheme, in which sponsors pay municipal authorities about £5,000 ($8,100) a year, is run by Mediasign Marketing

Royal Navy to host export promotions

By George Graham, Banking Correspondent

The Royal Navy is to sail into action to help promote British financial services exports. Admiral Sir Peter Abbott has agreed to allow Navy vessels to host promotional events for British Invisibles, the private sector body which encourages UK services exports.

The Navy will step into the gap left by the royal yacht Britannia, which is being taken out of service after more than 40 years of transporting members of the royal family and being used as a forum for business meetings in ports on every continent.

Mr Roy Leighton, chairman of British Invisibles' export promotion forum, said that despite the present government's promise to build a new royal yacht, there would be a lull of at least five years with no similarly glamorous venue for exporters to hold cocktail parties. The first event is due to take place in Barcelona in December on the aircraft carrier Invincible.

> 'More useful than pouring gin and tonics for the local British population'

"It may not have the elegance of Britannia's drawing room, but actually helicopter hangars have nice big spaces. It's certainly better than the Holiday Inn," Mr Leighton said.

"The Navy is quite pleased. They think it's more useful than pouring gin and tonics for the local British population," he added.

The cost of the cocktails will be borne by the British companies taking part. Events will normally take place only where the Navy is already planning a courtesy visit.

"We are not asking the Navy to divert aircraft carriers at the whim of the City of London," Mr Leighton said.

British Invisibles' naval offensive is part of a new strategy to improve the promotion of British financial services, which make up a large part of UK exports but have tended to take second place to merchandise in government promotional efforts.

The Foreign Office has agreed to consider a degree of streaming of its commercial officers to cultivate expertise in financial services. Around 50 embassies have also agreed to host quarterly meetings of local and visiting experts to discuss financial sector issues.

The new export promotion strategy will involve a doubling in the number of marketing events, with a particular expansion in efforts to sell UK financial services in developed markets such as mainland Europe.

Special attention will be paid to selling UK pension fund expertise in countries such as Germany and France.

The export promotion forum will also concentrate on marketing a much broader range of financial services in emerging markets such as China, Romania and Russia.

British Invisibles also intends to create a rival to the chancellor of the exchequer's annual Mansion House speech on economic policy: a dinner hosted by the Lord Mayor of London at which the chief industry minister can announce plans for export promotion.

Tighter rules for firms studied

By William Lewis and George Graham

The Bank of England and City of London regulators are examining whether new capital adequacy rules should be introduced for fund management firms following the Peter Young affair at Deutsche Morgan Grenfell.

Imro, the fund management industry regulator, is discussing with the Bank of England, the UK central bank, and other regulators whether "further regulatory mechanisms are needed to address the operational risks faced by fund management firms".

A statement in Imro's plan for the year ahead said these could be in "the form of additional or alternative regulatory capital requirements, and/or by focusing on firms' internal systems and controls".

Regulators are also examining possible changes to product regulations for unit trusts. Last week, Imro said it was fining Morgan Grenfell Asset Management £2m ($3.2m) for breaches of its rules, including failing to stop Mr Young, one of its star managers, making hidden investments with customers' money.

MGAM will have to pay £1m to cover Imro's costs. Several executives, including Mr Young, were dismissed last year when it was discovered he had been inflating the value of funds under his control by investing in unlisted shares.

Dealings were suspended in three UK-based investment funds that held £1.4bn for 90,000 investors. Last month Deutsche Bank, Germany's biggest bank and owner of MGAM, disclosed that the scandal could cost it up to £430m.

Imro said the regulators were discussing "whether there should be a requirement that people have some form of insurance or a higher level of requirement for capital".

UK NEWS DIGEST

Airline deepens war over fares

A single air fare of £19 ($31) between Glasgow Prestwick in Scotland and London Stansted airport was announced yesterday on a limited number of seats by Ryanair. The lowest one-way fare charged by British Airways and British Midland is £99.

Mr Michael O'Leary, Ryanair chief executive, said: "There is no other airline who can match Ryanair's low fares or availability from London to Scotland. The travelling public will vote with their feet." But GNER, the privatised train operating company for the high-speed East Coast line from Glasgow to London, whose fare is also £19 one-way, dismissed the airline's price claims because it did not allow for extra travelling costs.

"They're obviously responding to our £19 fare which was launched in August last year; it has been winning us much of the airlines' business," said GNER. "We're confident that our market will continue to grow. We take our customers from the heart of Glasgow or Edinburgh to the heart of London. We go to and from the centre of the cities, not miles away like airports, so there are no add-on costs." British Midland said it welcomed the competition – it was one of the first airlines to compete with BA on the route.

■ TELEVISION

Commercial network criticised

The Independent Television Commission yesterday questioned the strength of the commitment by ITV, the main terrestrial commercial television network, to regular serious documentaries and arts coverage.

The criticism, which came in the regulatory body's annual review of ITV performance, noted that such commitments had been clearly set out when the ITV companies applied for their current licences. The ITC also expressed concern about "diminishing diversity" in ITV's service brought about by increased drama, entertainment and features and by a corresponding reduction in documentaries, arts and children's drama. Mr Leslie Hill, the ITV chairman, expressed "surprise and concern" at the judgment. *Raymond Snoddy, London*

■ NORTHERN ENGLAND

Businesses hit by stronger pound

The performance of businesses in northern England fell sharply in the first quarter of 1997, with export sales and export orders dropping to their lowest level since the third quarter of 1992, says the latest Business Survey North.

The survey, which forms part of the British Chambers of Commerce national quarterly report published tomorrow, says the damage caused to the UK's international price competitiveness by a strong pound appears to be hitting northern companies hard.

Business Survey North, based on responses from 534 companies in north-east England and Cumbria, says businesses in the region "came down to earth with a bump", after their record performance in the fourth quarter of 1996, with all but one of the main indicators deteriorating. The report showed that export sales fell, with a sharp drop in manufacturing exports and a marginal decline in the service sector. *Chris Tighe, Newcastle upon Tyne*

'It would be embarrassing to us if it looked as though we were interfering in the general election'

Industrialists ready to back single currency

By Robert Peston and David Wighton in London

The general election campaign

The Confederation of British Industry, the biggest UK employers' body, is poised to signal the growing gulf between companies and most election candidates from the ruling Conservative party by coming out in favour of a European single currency.

The industrial lobby group's main policy-making body, its president's committee, this week put out to consultation a document containing only three real options for the CBI's ultimate view:

- Sterling should join in the long term.
- It should join at the 1999 launch.
- It should join after a short period of observing the performance of the new currency.

"It is likely that we will ultimately opt for the third way", said a senior industrialist. "However some powerful people, notably Mr Niall Fitzgerald of Unilever and Sir David Simon of BP, are pushing us to say that the UK should be in from the start".

The disclosure of the CBI's views will come as an embarrassment to its president, Sir Colin Marshall, chairman of British Airways and a Conservative sympathiser. He told Tuesday's meeting of the president's committee that details of its plans were to be kept secret and warned of his concern that Conservative party headquarters had obtained a copy of the consultation document.

"Obviously it would be embarrassing to us if it looked as though we were interfering in the general election", said a leading businessman. "That's why we are not planning to issue our formal position on monetary union until June".

Separately, Mr Paul Sykes, a British businessman who has spent about £700,000 ($1.1bn) on supporting Conservative party candidates who oppose a European single currency, is to spend a further £750,000 on political advertising.

Mr Sykes, who has been instrumental in persuading 232 Conservative candidates to voice opposition to European monetary union, is convinced the party can still win the election on the issue of European integration.

Mr Sykes' move comes as one opinion poll has shown a narrowing Labour lead. A similar narrowing of Labour's lead earlier in the campaign proved to be temporary.

The debate over European integration continued to dominate the election campaign yesterday, with further criticism from the Conservatives of remarks made by Mr Jacques Santer, the European Commission president, on Monday. Mr Michael Howard, the home secretary, said Mr Santer was "misconceived" in believing "the only way for Europe is forward or back".

Sinn Féin to boost London presence

By John Murray Brown in Dublin

Sinn Féin, the IRA's political wing, said yesterday it planned for the first time to open an office in the UK after the British general election. Its purpose would be similar to that of the office which the party opened in Washington almost three years ago.

The party, which is expected to win at least one House of Commons seat, is looking to open an office "as close to Westminster as possible" to enable its representatives to lobby the House of Commons. Mr Richard McAuley, an aide to Mr Gerry Adams, the president of Sinn Féin, said the Washington office had been "very successful in terms of lobbying, and it makes sense to do it in London".

Sinn Féin has traditionally refused to take the oath of allegiance to take its seats in the Commons, saying that the Westminster parliament is a foreign assembly with no jurisdiction over any part of Ireland.

However, the party's abstentionist stance has been targeted by the moderate Social Democratic and Labour party, its main rival for the nationalist vote in Northern Ireland. The four SDLP MPs elected in the 1992 general election took their seats in the Commons. The SDLP, led by Mr John Hume, one of the principal architects of the peace process, claims that only by voting for it can nationalists hope to have their voice heard in Westminister.

Sinn Féin captured no seats in the 1992 election, but has a good chance in West Belfast, where Mr Adams, who held the seat in the 1983 and 1987 general elections, is fighting to win it back from the SDLP.

More news of the election campaign can be found at the Financial Times website http://www.FT.com

Squabble over place in wealth league

By Robert Chote, Economics Editor

Labour and the Conservatives showed again yesterday that you can prove almost anything with statistics, as they became embroiled in a complex debate over the UK's economic performance relative to other countries.

Mr Gordon Brown, Labour's shadow chancellor of the exchequer, asserted that Britain had slipped to 21st place in what he termed "the world prosperity league". Mr Michael Heseltine, deputy prime minister, in turn accused him of "misusing the figures" to talk Britain down.

Labour based its claim on data from the Organisation for Economic Co-operation and Development, the Paris-based think tank. Its "gross domestic product per capita at purchasing power parity" figures measure the value of national output per head adjusted for international differences in prices.

The UK had a GDP per head at PPP of $18,494 in 1996. Labour argued that the UK had fallen behind other countries in recent years. But Mr Heseltine said the UK government's Office for National Statistics had told ministers last month that these figures should not be used to make comparisons over time, because the measure of prices changed in 1995.

This may be true, but a comparison of the figures for 1995 and 1996 still shows the UK losing ground. GDP per head at PPP was $548 higher in the UK than in the Republic of Ireland in 1995 but $251 lower in 1996. So the UK slipped one place down the table last year.

This reflects the fact that Ireland's economy grew nearly three times as fast as Britain's. But GDP is a poor guide to relative living standards: of every I£8 of output supposedly produced in the Irish economy, I£1 leaves in repatriated profits or payments to foreign holders of government debt.

The Irish example points up a more fundamental problem. Statisticians cannot measure national output or relative prices with complete accuracy, so it is unrealistic to draw firm conclusions about the relative positions of countries with similar GDP measures.

Mr Derek Blades, head of national accounts at the OECD, said the organisation had resisted pressure to publish league tables for this reason. He said GDP figures needed to differ by about 5 per cent to make a clear distinction.

He said it was only realistic to break OECD countries down into four groups. The top group (Luxembourg, US and Switzerland) have GDPs more than 20 per cent above the OECD average, with the next group up to 20 per cent above average (including Germany, France and Japan). The UK falls in a third group with GDPs as much as 20 per cent below average, with Spain, Portugal, Turkey and Mexico in a final group.

Labour leader scorns EU 'superstate'

Tony Blair's stance on Europe shows a marked transformation

What a difference a campaign makes. In just two years, Mr Tony Blair, the Labour party leader, has moved from recommending an alliance of pro-Europeans making "the case for Britain in Europe" to stressing that "Britain's national interest" comes first.

He said in a speech to the Royal Institute of International Affairs two years ago that Labour was "in basic agreement with the notion of closer co-operation between member states in the European Union over time".

The challenge was to "put forward a clear vision of Europe's future in terms most likely to command widespread support".

Under pressure from the Conservatives, who appear to be regaining support among voters following moves towards greater Euroscepticism, Mr Blair's rhetoric has undergone a radical overhaul. Writing in the Europhobic Sun newspaper, Mr Blair pointed out yesterday that today is St George's Day – or "the day when the English celebrate the pride we have in our nation".

He went on to make his position on Europe clear. He would have "no truck with a European superstate" and if there were "moves to create that dragon, I will slay it".

In reality, this is an easy beast to cut down, because it is a chimera. The harder question for Mr Blair is how far he is prepared to resist moves towards greater EU integration which fall short of the creation of a so-called superstate.

Although Mr Blair is reluctant to admit it, it is principally his language which has changed rather than the substance of his policy.

A Labour government would have more room for manoeuvre than a re-elected Tory one at the intergovernmental conference on reforming the EU's treaty in Amsterdam six weeks after the general election – but not much more.

The biggest difference was spelled out by Mr Blair in that same speech two years ago. "We should consider extending QMV [qualified majority voting] in certain areas such as social, environmental, industrial and regional policy," he said.

The extension of QMV is a contentious issue, because it involves an erosion of any member state's right of veto over a specified policy area.

At his press conference yesterday, Mr Blair confirmed that he had not abandoned the four areas in which Labour is prepared to cede the veto.

Mr Major, by contrast, insisted that he would block an extension of majority voting to any of these areas, although he might agree to QMV being extended in "tiny areas" to gain an advantage in other areas of negotiation.

The prime minister also claimed that Labour would cede British sovereignty over foreign policy. Proposals from the current EU president, the Netherlands, call for "all [foreign policy] decisions within the framework of an agreed common strategy, except those with military or defence implications" to be "taken by qualified majority".

"On European control of foreign policy, I say no, Mr Blair says maybe, and means yes," Mr Major said.

Labour's approach in this area seems uncertain, since Mr Blair originally excluded foreign affairs from the list of areas in which he would not countenance majority voting. Under questioning, however, it became one of the sacrosanct areas.

Mr Blair believes he has an advantage over Mr Major in convincing the electorate he can be trusted on EU matters because he is free to negotiate without fear of a backlash from a faction within his own party.

"Who will best stand up and fight for British interests?" he asked yesterday. "John Major, the man who appointed Jacques Santer, who gave us the beef war and the fiasco over BSE and who can't even keep his own party together in the course of an election campaign?

"Or me, the person who transformed the Labour party into the strongest, most professional, most disciplined fighting force in British politics?"

Robert Peston

Several national daily newspapers responded vigorously yesterday to the speech given in Amsterdam on Monday by Mr Jacques Santer, president of the European Commission, in which he criticised Eurosceptic "merchants of doom"

Cold times for hard left

Extreme wing of the 'old' Labour party has fled to the fringes

Britain's hard left is having a hard time. Even before Mr Tony Blair, the Labour leader, started modernising the party in earnest three years ago, many of Labour's extreme leftwingers had either left the party or had been expelled from it.

But as Labour has moved to the right – embracing privatisation and trade union reform – the hard left has fled, degenerating into a melange of fringe parties and splinter groups.

The main hard left grouping is the Socialist Labour party, led by Mr Arthur Scargill, the fiery miners' union leader who masterminded the pit strike in the mid 1980s. Since it was launched last year, the SLP has gained almost 5 per cent of the vote in two Commons by-elections, with Mr Scargill pledging to reopen coalmines and steelworks.

"After the election, we will gain support in bucketloads, as people become disillusioned with what New Labour do," said one SLP official.

Although the SLP is standing in only 10 per cent of the 659 Commons seats, and in spite of 18 years of Conservative rule, the party refuses to support Labour anywhere.

"We hate the Tories, but voting Labour is political hara-kiri," says Mr Dave Collins, SLP campaign manager. "Blair is entirely capitalist, after all."

Socialist Labour also refuses to work with 28 candidates from the Socialist party, the renamed Militant splinter group expelled by Labour in 1992.

"Arthur [Scargill] has turned down all attempts to co-operate," says Mr Mike Waddington of the Socialist party. The SLP says "the rift goes back to ideology, personality and old arguments about who did what in the miner's strike".

In policy terms, the two parties are all but indistinguishable, and their joint targeting of low-income constituencies will hinder the hard left's campaign.

But at the Socialist party's campaign launch, Mr Peter Taaffe, general secretary, stressed the similarity of Labour and the Conservatives. "This is the most boring election ever," he said. "You can't get a cigarette paper between the views of Blair and Major [the Labour and Conservative leaders]."

For genuine Marxist-Leninist overtones, call in the Communist party of Britain. Gone are the glory days of 1945, when the party had 200 councillors and two seats in the House of Commons, but the CPB is still fielding three candidates.

None of this is very comforting for Mr Blair. Although the hard left is out of the political mainstream, there could be 40 Labour leftwingers in the next parliament attacking Labour leaders from the back benches of the House of Commons.

Liam Halligan

Derek Hatton (left) was one of the hard Labour left's most powerful municipal chieftains in the early 1980s. A target for the Thatcher-led Conservative government and the leaders of his own party, Mr Hatton was expelled from the Labour party in 1986 and is now a businessman. But Arthur Scargill (right), another veteran of battles with the Thatcher government, fights on. Still president of the mineworkers' union, Mr Scargill leads a small breakaway party which claims to represent traditional Labour principles

Matsushita to expand in Wales

By Roland Adburgham in Cardiff

Matsushita, the Japanese electric and electronics group, is to invest in a £13m ($21m) replacement factory at Port Talbot in south Wales which will more than double the existing workforce of 200 people.

South Wales is one of Britain's most successful areas in attracting inward investment.

The decision to build the plant follows a deal with Ford, the US-owned automotive group, to supply it with car audio speakers. Matsushita intends to start making the speakers at the new factory in May next year and to increase production to 9m units a year by 2001. Over this period, the Port Talbot workforce is expected to increase to 485 people.

It will be the first time that Matsushita, which owns the brand names Panasonic and Technics, has manufactured car speakers in the UK.

They will be made for the European market under the Panasonic brand and supplied to Ford and other car companies.

Construction of the 13,200 sq m plant will start next month on a site close to Matsushita's existing factory. That plant, established nine years ago, makes a range of consumer and office electronic products, including switching transformers and chip resistors. All its production will transfer to the new factory when it begins operation in January next year. Grant aid for the project is being given by the British government's Welsh Office and the Welsh Development Agency, but the amount has not been disclosed.

Matsushita began production in the UK two decades ago at Cardiff, the Welsh capital, where today it employs about 2,500 people making Panasonic televisions and microwave ovens. The company now has 12 plants in the UK.

Edward Mortimer

Popular performer

Albright's focus on US public opinion should help the Senate to ratify the Chemical Weapons Convention

Mrs Madeleine Albright, the US secretary of state, is owed an apology or two.

In her last job, as US ambassador to the United Nations, she won the reputation of a shameless populist. Old UN hands watched in horror and disbelief last year when she persuaded President Bill Clinton that the US should use its veto to deny the previous UN secretary-general, Mr Boutros Boutros-Ghali, a second term. The US was isolated, outvoted 14 to one in the Security Council. Even in the State Department itself there were those who said her handling of the affair would damage her chances of becoming secretary of state.

In fact it probably had the opposite effect. Mr Clinton – keen to appoint a woman to a top post – was much more concerned by the appointment's likely reception in middle America and in the Republican-controlled Senate than by the feelings of foreign governments or state department officials.

It now appears he was right. Mrs Albright's populism, it turns out, was not just a tactic to secure the senior position in US foreign policy, but part of a strategy aimed at reconnecting foreign policy with US public opinion. Whereas previous secretaries of state have seen influencing foreigners as their main task, she has taken over a role traditionally reserved for the president himself: that of selling foreign policy to the American public.

This badly needed doing, at least since President George Bush was punished by the voters for being too much of a "foreign policy president". Many Americans believe that with the cold war over, their government can and should concentrate on domestic affairs. In 1993, the US's errand of mercy in Somalia ended with 18 soldiers killed and one dragged through the streets in full view of television cameras. That turned indifference into outright hostility to the UN – and to foreign entanglements in general.

When Republicans won control of Congress in 1994 their mood was unilateralist: the US should stand up for its global interests but never let its hands be tied by commitments to others. And this mood was reflected in the elevation of the arch-conservative Mr Jesse Helms to the chair of the Senate foreign relations committee.

To American liberals and internationalists, Mr Helms is anathema. Even as minority leader on the committee he had blocked many ambassadorial appointments and made life difficult for secretaries of state of both parties.

Mrs Albright, however, knowing that without his support not only her own confirmation but her ability to conduct foreign policy once confirmed would be in jeopardy, decided to treat him as a challenge. She embarked on an extraordinary public flirtation, paying him visits on his own turf in North Carolina and, in effect, offering him Mr Boutros-Ghali's head on a platter. The contrast with Mr Warren Christopher, her strait-laced predecessor, could hardly have been greater.

Amazingly enough, Mr Helms appears susceptible to her charms. On her last visit, in March, the old die-hard not only insisted she kiss him on both cheeks but announced that he was working with the administration so that the US could ratify the Chemical Weapons Convention before it goes into effect next week.

That was a concession indeed. Mr Helms is viscerally opposed to the convention. Previously, he had pledged that it would not leave his committee until the White House accepted a long list of changes – though he knew there was no way a treaty negotiated over 24 years and signed by 159 other states could be amended. But in Mrs Albright's presence he suddenly played down the issue. "It's an overrated treaty," he said. "It maybe has some good points that are sort of hard for me to find. But I'll go ahead and look for them."

And so the treaty banning possession and manufacture of chemical weapons worldwide reaches the floor of the US Senate today, more than four years after it was signed and less than a week before it comes into effect. Ten hours of debate are scheduled, and a vote is expected tomorrow.

The treaty is not assured of the 67 votes it needs. Mr Helms and many fellow Republicans will still vote against or vote for wrecking amendments.

Mrs Albright has pulled out all the stops, reminding television and radio interviewers across the country that the treaty "has 'made in the USA' all over it", being "initiated by President Reagan, signed under President Bush and embraced by President Clinton". If the Senate fails to ratify it, she adds, "people will wonder what's the matter with us".

Others have suggested the decision is a "defining moment" in US foreign policy, similar to those of 1919 and 1947. After the first world war, Republicans rejected President Woodrow Wilson's brainchild, the League of Nations, and inaugurated 20 years of US isolationism. After the second world war, by contrast, they rallied behind the Marshall Plan and inaugurated 40 years of bipartisan support for US leadership of the free world.

On both occasions, Republicans controlled the Senate while the president was a Democrat – as today. Now, US leadership in the chaotic post-cold war world is at stake, and the issue is whether the US will carry on with a multilateral approach to one of the most dangerous aspects of that world, the proliferation of weapons of mass destruction.

Both on the merits of the argument, and for her skill and verve in addressing it, Mrs Albright deserves to win.

Defining moment: Albright has pulled out all the stops

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'), e.mail: letters.editor@ft.com Published letters are also available on the FT web site, http://www.FT.com Translation may be available for letters written in the main international languages.

Marshall Plan approach may be recipe for greater aid success

From Mr Richard Jolly.

Sir, Stephanie Flanders' article "Foreign aid 'fails to bear economic fruits'" (April 14) reports that a World Bank study by Craig Burnside and David Dollar found that aid since the 1970s apparently only had an economic impact in countries where things were going well in any case. This finding needs to be interpreted with caution.

If "aid" does not lead to economic growth, there could be several explanations:

- Aid could be linked to policy advice that may not be appropriate for the country. In this case, the problem would be the advice provided and not aid as such.
- The amount of aid could be so minuscule that even if its effects were highly positive, they may not have an impact on the country's overall economic situation.
- The money part of aid may be de-linked from its advisory (policy conditionality) part.

Also, aid since the 1970s was often not – or, not only – used as a systematic investment in economic growth but as a means for building political alliances. If judged in terms of its political effectiveness, the aid provided by western industrial countries might be viewed as impressively successful.

Given the relative small size of aid in many countries (e.g. 10.5 per cent of Sub-Sahara's 1993 gross national product), aid effectiveness analyses need to be more micro-focused, searching for project successes, rather than macro-successes, hoping for the big turnround.

In 1997, the year of the Marshall Plan's 50th anniversary, it is probably timely to recall the main lessons to be drawn from this aid experience, the US economic recovery programme for Europe after the second world war. The Marshall Plan combined political commitment, with a high level of financial support, and a solid structure of recipients' participation both in the planning and in implementation of the plan. All this bolstered the effects of aid by complementary trade opportunities. Maybe that could also be a recipe for enhancing aid effectiveness in the future.

Richard Jolly,
special adviser to the administrator,
United Nations Development Programme,
One United Nations Plaza,
New York NY 10017, US

Bid plan to protect Co-op Bank

From Mr A. John Bird.

Sir, As a client of Britain's Co-op Bank I am concerned about the possibility that it will be sold and removed from the co-operative movement. I have always been impressed with the interest that the Co-op bank has shown in The Big Issue's development and its continued support. The bank's managing director, Terry Thomas, has clearly demonstrated that it is possible to be ethical and make profits, as recent results show.

May I suggest that other bank customers, ethical financial institutions and those interested in the bank's business principles might want to join a consortium with The Big Issue to purchase the Co-op bank.

It would be a great shame if the sterling work of the Co-op bank were not developed further, especially at a time when ethical business is proving its worth

A. John Bird,
editor-in-chief,
The Big Issue,
Fleet House,
57-61 Clerkenwell Rod,
Farringdon,
London EC1M 5NP,
UK

Ideal location, if only you could find it

From Mr Patrick Squires.

Sir, I was interested to read the article "French set to invade 'garden of England'" (April 17) since we too decided to locate our UK office in this area. After some research we settled on Staplehurst as the ideal location, close to the Channel Tunnel, on the mainline between London and Ashford, cheap office rents, easy (free) parking, etc.

Our only problem was explaining to our clients and business colleagues where exactly Staplehurst was. Seeing the article I thought: At last! Then I looked a little closer. Sigh . . . Staplehurst is still not on the map.

Patrick Squires,
managing director,
Justcroft Technical Systems B.V.
Raamweg 21/22,
2596HL The Hague,
The Netherlands

Iran maintains constructive stance on nuclear treaties

From Mr Mohammad Safaei.

Sir, The Embassy of the Islamic Republic of Iran wishes to refute the numerous allegations made in the editorial "Strategic gulf" (April 16). In this connection your readers' attention is drawn to the following:

- Iran not only feels no hostility towards its Arab neighbours, but has started a new phase of co-operation with the Moslem countries in the region.
- With regard to nuclear technology, Iran is among the original signatories to the non-proliferation treaty, joined the indefinite extension of the treaty in the 1995 NPT review and extension conference, and remains a staunch supporter of it.
- We have not only ratified the Comprehensive Nuclear Test Ban Treaty but also our constructive initiative to help achieve a compromise among members of the conference on disarmament was appreciated and welcomed by leading members of the conference.
- International Atomic Energy Agency inspectors' frequent visits to Iran have vindicated Iran's position.
- You may be aware that the initiative for the establishment of a nuclear free zone in the Middle East was sponsored by Iran. Regrettably, it has yet to materialise thanks to the opposition it has faced by some of the "big" powers, and Israel.
- One does not have to be a historian to realise that the use in the above article of the phrase "the Gulf" as an incomplete version of the authentic and historically established name of the Persian Gulf is ill-advised, not to say malicious.
- It may be appropriate to point out that just as the medieval sceptics could not change the truth about the earth revolving around the sun, nor would the present day forgers be able to alter the authentic name of the Persian Gulf.

Mohammad Safaei,
deputy head of mission,
Embassy of the Islamic Republic of Iran,
16 Prince's Gate,
London SW7 1PT, UK

A new king on the board

Barnevik is expected to restructure the Wallenberg empire, says Greg McIvor

Like a good chess player, Sweden's Wallenberg family prefers steady progress to spectacular manoeuvres. Change tends to be by evolution rather than revolution, as befits a family-owned industrial empire built up over 140 years.

Yet a flurry of changes at the helm of Wallenberg-controlled companies has prompted speculation that the group is entering a more active phase.

In particular, the appointment of Mr Percy Barnevik as chairman of Investor, the family's main investment company, has raised expectations that the group will accelerate its programme of foreign investments and divest itself of poorly performing businesses.

"The Wallenbergs have strengthened their hand in the last few years and come out of the recession in a very strong way. Relative to the other big Swedish business spheres their dominance has increased," says one financial analyst in Stockholm.

Mr Barnevik, chairman of ABB, the Swedish-Swiss engineering group which is half-controlled by Wallenberg interests, is the first non-family member to chair Investor for 50 years.

He succeeds Peter Wallenberg, the 70-year-old patriarch of the family whose retirement has also led to the promotion of his son Jacob and nephew Marcus. This fifth generation of Wallenbergs has been groomed for years for top positions. Jacob takes over this month as chief executive of SE-Banken, a leading Swedish bank which is the financial flagship of the Wallenberg empire. Marcus last week stepped up to become Investor's deputy chief executive.

Together, "the boys" – as Mr Wallenberg Senior calls them – are inheriting a domain that directly or indirectly controls some 40 per cent of the Swedish bourse's market value – a concentration of power unrivalled in western business.

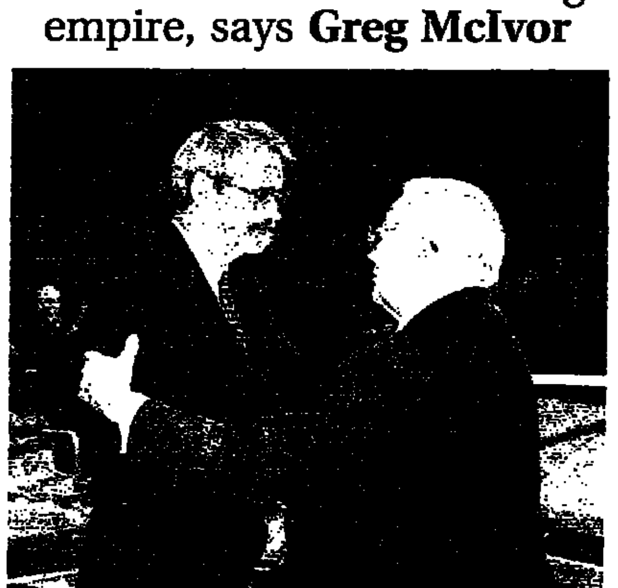
It owns controlling stakes in Ericsson, the telecommunications group, and Astra, the drugs company. Other holdings include Stora, the paper group, truckmaker Scania, appliance group Electrolux and SKF, the world's leading maker of ball bearings.

Investor has been trying to move away from this reliance on largely cyclical domestic industries since it ran up deep debts in the European recession of the early 1990s when all its export markets plummetted. It is seeking to move into growth industries such as medical and information technology, media and financial services, with the goal of 10 per cent of its holdings being outside Sweden.

So far, Investor is only about a quarter of the way to reaching this target. Mr Claes Dahlbäck, its chief executive, says he wants Investor to be there "within a couple of years", an objective which will require an acceleration in tempo.

Hence Mr Barnevik's arrival. One of the most respected figures in international management, the new chairman is a dynamic leader with a reputation for extracting results from the companies he manages. His extensive international experience at ABB and as a director of General Motors and Du Pont, the US industrial giants, will help the group find new opportunities for Investor abroad.

"We will go on in the same direction but in a higher gear," says Mr Dahlbäck. "With Percy's international contacts and experience I think we will speed up our move into non-Swedish investments."



Bold move: Wallenberg (right) hands over to Barnevik

Despite being buffeted by recession in the early 1990s, the Wallenberg empire is today probably stronger than at any time in the past few decades.

"The turnround has been remarkable," says one financial analyst in Stockholm. "Investor was seriously in debt in the early 1990s but it sold off some businesses, restructured the others and emerged stronger for the experience."

The recovery is seen in the improvement in Investor's net asset value, from SKr145 per share in 1991 to SKr394 at the end of last year. Net debt of SKr10bn in 1993 has been wiped out. Instead, Investor was sitting on SKr10bn (£800m) in net cash at the end of 1996, helped by the sale last year of a 55 per cent tranche of Scania, the truckmaker.

An early test for the new chairman will be whether he is prepared to take action over under-performing businesses such as Saab. Investor owns the aircraft company and a half-share in Saab Automobile, a 50-50 joint venture with GM.

Both companies are loss-making and Saab Automobile, in particular, has added a further SKr10bn to its net debt since 1989 when the partnership with GM began. It sold less than 100,000 cars last year and has found it impossible to build the volumes needed to survive in the European car industry.

Also high on the agenda will be the restructuring of SE-Banken, which has been passed by in a spate of Nordic banking mergers. Many observers believe merger talks with Nordbanken, the partly state-owned bank, will be restarted. Investor is better positioned to drive this through than a few months ago, having raised its stake to 9.2 per cent of the voting shares and engineered Mr Dahlbäck's appointment as vice-chairman.

Institutional investors are largely satisfied with the strong returns the group produces for its shareholders. Serious criticism of the way Wallenberg companies are run is almost unheard of, says Mr Johan Trocmé, Scandinavia analyst at UBS in London.

But the resurgence of the Wallenberg empire has again raised awkward questions about its grip on Sweden's corporate sector. The main attempt to build a countervailing industrial force – by Pehr Gyllenhammar, Volvo's former chairman – has run into the ground.

In the 1970s and 1980s, he took Volvo into a sheaf of new businesses beyond its main motor operations – including pharmaceuticals and consumer products. But when he left the group in 1994 after the merger of the car interests with Renault of France fell through, Volvo sold virtually all its non-core holdings. Now Volvo's new chief executive, Leif Johansson, is a Wallenberg man by virtue of 17 years at Electrolux.

Mr Barnevik's appointment will further extend the group's reach. He is stepping down as chairman of Skanska, Sweden's biggest construction group, to devote more time to Investor. But he is staying on as chairman of Sandvik, one of only three top 10 Swedish listed companies now outside the Wallenberg orbit.

"Volvo no longer has the ammunition to challenge them, and other counterweights to Wallenberg power have toned down their ambitions," says Mr Carl Hamilton, an economist and author. "It is without doubt a danger for Swedish democracy and it is not healthy for Swedish business."

Television/**Christopher Dunkley**

Gems hidden by election fever

Well honestly, you go away for four weeks and what do they do? Call a general election and launch a fifth national television network. Of the two, the new channel would seem inherently the more interesting, and yet all attention appears to be devoted to the election, and particularly television coverage of it. Why the conspiracy of silence over Channel 5? The truth seems to be that it is just not very remarkable, except for the low technical quality of the pictures. Previous channel launches have been much more memorable. When ITV came along it doubled the programming available and gave us our first taste of prize game shows and American westerns and police series. BBC2 was noticeably different from everything that had gone before. Channel 4 set out deliberately, under its famous "remit", to be different, and in some ways succeeded.

But for Channel 5 the big achievement will be managing to look as much as possible like other national terrestrial networks, given that its budget is a fraction of theirs. On the evidence so far, it may succeed. Consider its schedule tonight between 7.30 and midnight: half an hour on otters, a party political broadcast, a half-hour gardening game show (have you noticed how tiresomely trendy gardening programmes have become?), the news, an American movie, a chat show, and a quiz chaired by Tony Slattery. It feels like a cross between Sky 1 and ITV, particularly those networks at odd times of the day.

First reactions after less than a week's viewing are that there is a distinct shortage of documentaries, current affairs and original drama. The nightly nine o'clock movie may prove attractive, but we cannot, surely, need yet another channel to pass on secondhand police and medical drama series from Australia and the US. There is a sad lack of surprises. Given that the people at C5 would, of course, feel a need to do something different with the news, would you expect a move up market away from the Mail/Telegraph level of all other news programmes? Of course not: they have opted to play the yoof ticket, with shirt-sleeved youngsters reading from their work stations in a busy-busy newsroom, and a disco beat behind the "Tonight's other stories" list. And the nightly chat show with Jack Docherty? Two parts Letterman to three parts Leno. The other day someone actually said "You bet your sweet bippy". Dear oh dear.

So what of the election? For the umpteenth time since the mid 1960s, the fashionable thing to say is that real politics have been killed by the media, and that the only things that count now are soundbites, photo opportunities and spin doctors. But if you take a careful look at what is actually on screen that reaction does seem to be in the knee-jerk category. Far from being brief and trivial, television's coverage seems to me to be over long and often ponderous. Channel 4's *A Week In Politics* with the irreverent Vincent Hanna and Andrew Rawnsley has stuck admirably to its usual jaundiced jocularity, but elsewhere the tone tends to be religiously solemn. For instance some of the *Midnight Specials*, also on Channel 4, have been so earnest and long-winded that sleep has been the only possible reaction.

So thickly spread across the schedules are the interviews with party leaders, discussions with voters, debates among candidates, that considerable cunning has been needed to avoid them and discover the occasional gems hidden beyond. Yet they are there. *Mad About Machines* on Wednesday (Channel 4 again) was one of those programmes in which the quality of production is almost irrelevant because the subject matter is so compelling. This one told the sad story of Harold Bailey, fanatical collector, rebuilder and improver of film projectors, who had to sell his beloved collection. We heard far too little about Bailey's other details, but it was a peculiarly moving programme.

Keeping Mum is a new BBC1 comedy with Stephanie Cole playing either a wise fool or a genuine victim of dementia, a tribulation which, as several heart-on-sleeve merchants have already lamented, is very serious for the other members of a family. But, as anyone with Alzheimer's in a close relation will tell you, it can also be very funny, albeit painfully so. The excellent Cole, striding about the kitchen with a head of celery stuck purposefully under her arm, is just the person for the role, and this could prove a worthy successor to the brilliant *Waiting For God*.

Another new comedy, *Sunnyside Farm* on BBC2 on Friday, offers a Hammer Films version of *The Darling Buds Of May*. Incomers Wendy and Justin take the house next door to the appalling Ray Sunnyside whose idea of dressing for dinner is to scrape the cow dung off his shirt, and his brother Ken who puts on a nice summer frock and plenty of lipstick. This has lots of promise though, like almost any new comedy, it could go horribly wrong.

Shoot Out In Swansea: The Making Of Twin Town (BBC2) was that rare thing, a programme about the making of a movie which did not feel like a 60-minute puff; and *Hogarth's Progress*, also on BBC2, on Sunday evening, sought the views of Gerald Scarfe, Ian Hislop and others to help tell the story of the great artist and satirist who was born 300 years ago. With such determination these days in so many programme categories to do anything to avoid looking conventional, it is heartening to discover that there are still producers (Roger Parsons in this case) who can create well-made programmes without drafting in a single Spice Girl, weather girl, or stand-up comedian.

Not long after that had finished, Channel 4 began *The Roses Of No-Man's Land*, a single documentary by Steve Humphries, now established as the leading aural historian of British television. His fine series *The Call Of The Sea* is still running of BBC2 on Saturdays, and this programme brought together the testimony of half a dozen women – average age 103 – who served as nurses and "VADs" (Voluntay Aid Detachments) in the ambulances and casualty clearing stations of the first world war. What they had to say was moving, harrowing, and sometimes amusing. *Mad About Machines, Keeping Mum, Hogarth's Progress, The Roses of No Man's Land* – taken together they prove that British television is far from being a lost cause, even if the content of our latest network does look ominous.

Incidentally, we discovered that by watching via the cable you can get a perfect picture on Channel 5; not reason enough on its own to justify cable charges, but worth knowing if you already have cable.

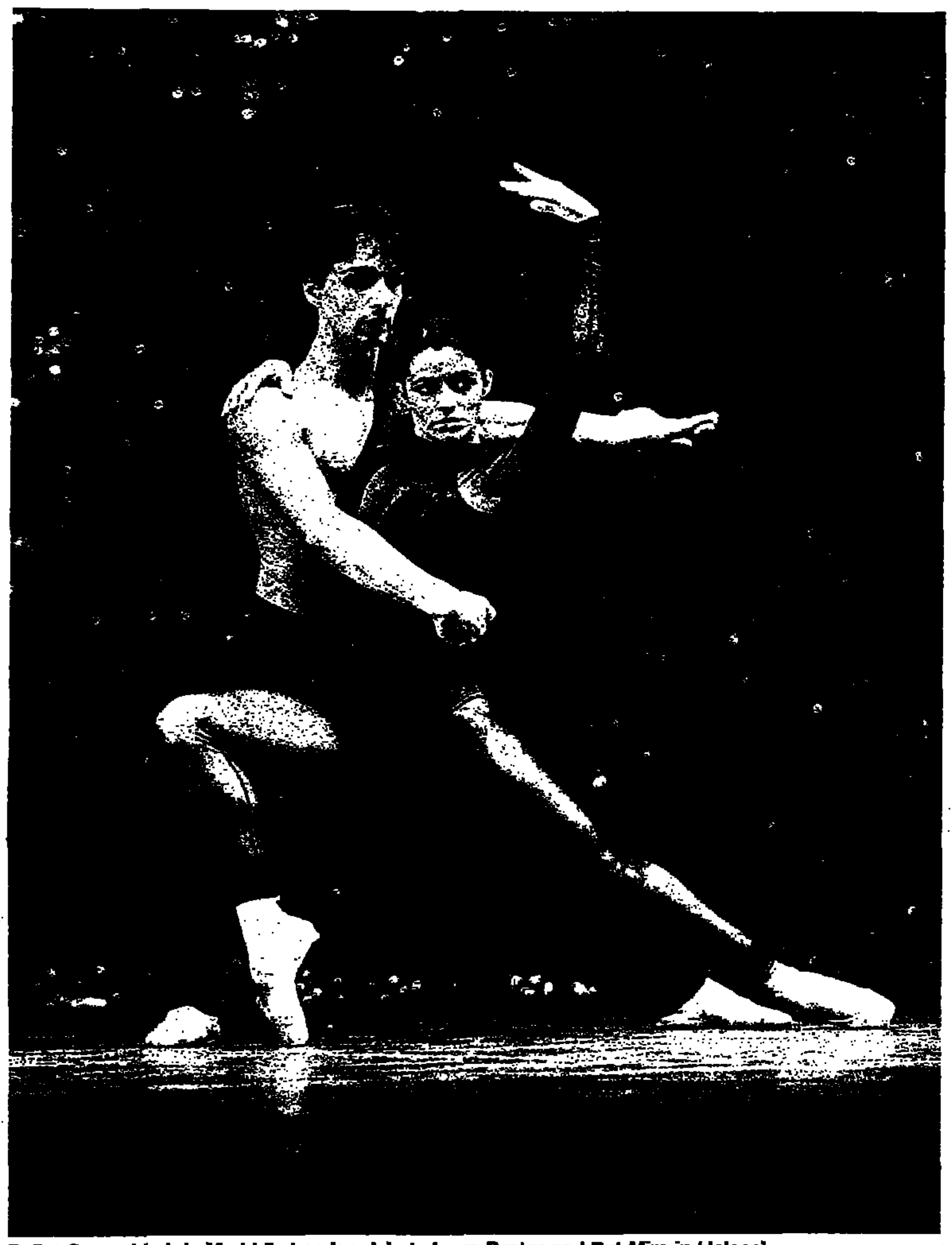
Ballet

Colour bleached from flamenco

A difficult evening with the Ballet Comunidad de Madrid, making its London debut on Monday. During the vexations of the first piece on the programme – an hour by the clock, an eternity to the spirit – I wondered about many things. About why Spanish dancers are so given to flinging themselves in and out of tantrums (or should that be tantra?). Whether I should plant a couple of ceanothus shrubs – the huge specimen in Parliament Square is a marvel to behold at the moment. Why, when Spanish music is so rich – from Vittoria to zarzuela – we should suffer Carmen Linares baying her way through popular songs. And why the choreography of Victor Ullate (director of the company) manages to bleach the colour from flamenco, which is the basis of the action.

I gave up on the dance and the dancers (ultra-vivacious, of course) after 40 minutes; decided against the ceanothus plan – my part of Sussex is open to the winds of heaven, and ceanothus is notoriously capricious; and adopted a martyred expression that would not have shamed Teresa of Avila when faced with ten chaps smirking at the audience as if offering free samples of unspeakable delights.

Worse was to come. Ullate's second piece purported to be a tribute to Carmen Amaya. I saw and worshipped Amaya when she appeared here and in France in the late 1940s and '50s. She was the most uncompromising, most ferociously beautiful of flamenco stars. She was a storm of passions, a tempest of rhythm, and to watch her – hair and body flying, summoning up steps as if by incantation – was to know what possession by dance meant. (She died at the age of 50, consumed by her genius.) Ullate offers a sugary, conventional portrait of a danseuse set to a dribble of electronic noise. (Amaya also is briefly heard.) The manner is sub-classical, and is performed with little substance by Rut Miro who, in leotard and minatory expression, might well be auditioning for *Revenge of the Cat Woman*. Amaya is betrayed.



Ballet Comunidad de Madrid's London debut: Jesus Pastor and Rut Miro in 'Jaleos' Alastair Muir

The final *Jaleos* is heavily shadowed by the tortured and sticky academism of Maurice Béjart, in whose company Ullate appeared. It is one of those "dance is fun" con-jobs in which every member of the troupe rushes about the stage, flinging steps and personality at us. Béjart's men are often shown as alluring gangsters (they work out at the Jean Genet Gym); his women are not-too-effeminate dervishes. The image persists in this knock-about affair, with flaunted legs and split jumps, smiles and scowls and spins and megawatt energy.

Ullate's school produces fine dancers. Their classic style is here compromised and deformed by salesmanship, as if the performers know that the choreography is already well past its sell-by date. The score is electronic rattlings that make one regret the invention of the drum.

Clement Crisp

The Ballet de Madrid is at the Peacock Theatre with two programmes until May 3.

Theatre/**Alastair Macaulay**

Brecht's coarse circle

The world of Bertolt Brecht's play *The Caucasian Chalk Circle*, in which Georgia is torn first by war and then by peace, reminds me of a New Yorker cartoon in which a couple of terrified peasants have opened the door of their little hut to a passing Hun. On the horizon, we see thick smoke and stormclouds hang low and ominous overhead. The Hun stands there with his clipboard and asks: "In your opinion, is Attila a poor ruler, a good ruler, a very good ruler or an excellent ruler?"

Brecht's method in telling the story of Grusha, who loses her fiancé to the army only to gain an abandoned baby which she protects through thick and thin, has something of the irony in which the Siamese tell the story of *Uncle Tom's Cabin* in *The King and I*.

Perhaps a smidgeon of the horrid coarseness of the co-production by the National Theatre and Theatre de Complicité derives from Brecht himself. Of this century's great playwrights, he was the least subtle and his relative heaviness of touch has prompted other crude stagings before now. But there have been excellent Brecht productions. I recall the National Youth Music Theatre's account of this play in 1990 as having charm, irony, poignancy. Not so here.

There are virtues, mind you. The first is the space. The play is given in the round, and the large Olivier Theatre – always a difficult auditorium – is transformed. The circle space is not used. The back of the usual stage space has been filled by a tiered semi-circle of seats and the round stage becomes an arena.

Gerard McBurney's music is also a plus: very fine in evoking an imaginary medieval Eurasian border in its twisting melodies, broad harmonies and wide colourspan of instrumentation. The director is his brother, Simon McBurney, who laces the production with some eloquent and Brechtian strokes, such as the slow-motion thwack of the pole that Grusha (Juliet Stevenson) brings down on an aggressive soldier's head, followed by the terrific irony whereby he passes her baby back to her before dying.

A moment later, someone hurls a bucket of filth at Grusha and we see at top-speed the conditions through which she has to flee from punishment. Were I not proceeding at speed in the 50 minutes that follow the close of the first night, I would perhaps remember other features to commend.

The acting, however, is almost all appalling. Even Stevenson, an actress of rare skill and subtlety in other circumstances, is seen at her worst. A comic Irish accent and a funny walk will not do to characterise Grusha, especially when other actors present do the Irish accent better. Stevenson's whole performance is strained. Because the production employs a new version of Brecht's play by Frank McGuiness, Irish accents are used here and there. Complicité has, however, also engaged actors with other accents.

Bad beyond belief are Hélène Paratôt, as the baby's true mother, melodramatically scowling and chestily orating through the misplaced emphases of her French/Oriental accent, and Jeffery Kissoon as the Caribbean-accented narrator, gesturing hammily away, twanging his vibrato like a didgery-doo firing his final consonants like missiles. He makes so much of individual syllables that it is impossible to understand his sentences.

The best performances are, I suppose, by Simon McBurney himself as Azdak the judge – the only actor with a light touch – and Robert Patterson, blithe and affecting as Grusha's fiancé.

McBurney's production is slow. And where good Brechtian style says "I show", this staging allows too many actors to say "I show off".

At the National Theatre, South Bank, SE1.

Juliet Stevenson: strained Alastair Muir

INTERNATIONAL ARTS GUIDE

■ BERLIN

CONCERT
Philharmonie Berlin - Grosser Saal & Kammermusiksaal Tel: 49-30-2614383
● Sinfonie Orchester Berlin: with conductor Andrzej Afteltowicz, violinist Sono Tokuda and pianist David Marton performs works by Mendelssohn; Apr 26

■ EDINBURGH

EXHIBITION
Scottish National Gallery of Modern Art Tel: 44-131-5568921
● Lucian Freud: Early Works: exhibition of 25 paintings and drawings made before and during the Second World War. The works on display include the artist's first oil painting and his only sculpture, a sandstone horse carved in 1937; to Apr 30

■ FRANKFURT

CONCERT
Alte Oper Tel: 49-69-1340400
● Deutsches Symphonie-Orchester Berlin: with conductor Vladimir Ashkenazy and violinist Christian Tetzlaff performs works by Ruzicka and Mahler; Apr 27

■ LISBON

EXHIBITION
Modern Art Centre Tel: 351-1-7935131
● Treasure Island: exhibition showcasing works of British art collected by the Calouste Gulbenkian Foundation since the late 1950s. The display is split into two sections; the first covering the period from the late 1950s to mid-1960s, the second from the late 1960s to the present day. Artists with work on show include Blake, Hockney, Hodgkin, Riley, Bacon, Cragg, Gormley, Hirst and Hume; to May 4

■ LONDON

CONCERT
Royal Festival Hall Tel: 44-171-9604242
● Philharmonia Orchestra: with conductor Kurt Sanderling and pianist Mitsuko Uchida performs works by Beethoven and Bruckner; Apr 27

EXHIBITION
Barbican Art Gallery Tel: 44-171-6384141
● Modern Art in Britain 1910-1914: sequel to the 1995 "Impressionism in Britain" exhibition, revealing the extraordinary range of modern European art exhibited in Britain during the years leading up to the First World War. On display are works by Cézanne, Gauguin, Van Gogh, Matisse, Derain, Picasso and Severini alongside pieces by the British artists they influenced, including Vanessa Bell, Roger Fry and Duncan Grant; to May 26
Spink & Son Ltd. Tel: 44-171-9307888
● An Artist's Pilgrimage from Canterbury to Rome: display of 100 watercolours by John Doyle, commissioned by the Dean of Canterbury to mark the 1400th anniversary of the Augustine Mission to Kent in 597. Doyle retraced the footsteps of St. Augustine, walking from Canterbury to Rome, painting all the interesting places and views along the way; to Apr 25

■ LUCERNE

OPERA
Luzerner Theater Tel: 41-41-2103363
● Don Pasquale: by Donizetti. Conducted by Peter Kuhn and performed by the Luzernertheater Choir; Apr 26

■ MADRID

OPERA
Teatro de la Zarzuela Tel: 34-1-5245400
● La Fille du Régiment: by Donizetti. Conducted by Stefano Ranzani; Apr 27

■ MILAN

THEATRE
Teatro Lirico Tel: 39-2-723 331
● L'isola degli Schiavi: by Marivaux. Directed by Giorgio Strehler. The cast includes Renato De Carmine, Leonardo De Colle, Mattia Sbragia and Pamela Villoresi; to Jun 15

■ NEW YORK

EXHIBITION
International Center of Photography Tel: 1-212-8601777
● Lauren Greenfield: display of 50 photographs examining the impact of Hollywood on young people in Los Angeles, exposing a generation motivated by materialism and obsessed with fame; from Apr 25 to Jul 13
Solomon R. Guggenheim Museum Tel: 1-212-423-3600
● Rrose is a Rrose is a rrose: Gender Performance in Photography: exhibition examining the various ways in which identity is theatrically constructed in photography, both through performance for the camera and technical manipulation of the image. The works range from Man Ray's 1921 portrait of Marcel Duchamp as his feminine alter-ego Rrose Sélavy to the self-portraiture and computer-generated images of contemporary artists; to Apr 27

■ PARIS

CONCERT
Musée d'Orsay Tel: 33-1 40 49 48 14
● Parisii Quartet: with soprano Catherine Dubosc, pianist Anne Queffélec and violinist Raphael Oleg perform works by Magnard, Lekeu and Chausson; Apr 24

DANCE
Théâtre de la Ville Tel: 33-1 42 74 22 77
● Création n06: choreographed by Rui Horta to music by Brandt, performed by Künstlerhaus Mousontum Frankfurt; Apr 23, 24, 25, 26

THEATRE
Odéon - Théâtre de l Europe Tel: 33-1 44 41 36 36
● A Doll's House: by Ibsen (in French). Directed by Deborah Warner and performed by the Théâtre National de Bretagne and the Odéon-Théâtre de l'Europe. The cast includes Isabelle Huppert and Andrzej Seweryn; to May 11

■ PRAGUE

EXHIBITION
National Gallery - Sternberg Palais Tel: 420-2-24510594
● Saint With Book: exhibition marking the return to Prague of an important 14th century statue, "Saint With Book", purchased by the National Gallery at an auction in Zurich last year; to Apr 27

■ ROME

EXHIBITION
Galleria Nazionale d'Arte Moderna Tel: 39-6-322 981
● Ferruccio Ferrazzi: display of 10 paintings and 80 drawings by the Roman artist influenced by Futurism and the Roman School; to Apr 30

OPERA
Teatro dell' Opera di Roma Tel: 39-6-481601
● Der Fliegende Holländer: by Wagner. Conducted by Jeffrey Tate. Soloists include Susan Anthony; Apr 27

■ THE HAGUE

CONCERT
Dr Anton Philipszaal Tel: 31-70-3607927
● Arion Ensemble: with conductor Alexandru Lascae, performs works by Bach, Schubert, Brahms and Reger. Part of the Brahms Festival; Apr 24

■ THESSALONIKI

EXHIBITION
Thessaloniki Cultural Capital '97 Tel: 30-31-867860-6
● Contemporary Yugoslav Art: display of work by 30 artists, presenting prevailing trends; to May 14

■ ZURICH

CONCERT
Tonhalle Tel: 41-1-2063434
● András Schiff: the pianist performs works by Schubert; Apr 27

DANCE
Opernhaus Zürich Tel: 41-1-268 6666
● A Midsummer Night's Dream: choreography by Heinz Spoerli to music by Mendelssohn, performed by the Zürcher Ballett; Apr 27

Listing selected and edited by ArtBase The International Arts Database, Amsterdam, The Netherlands. **Tel: 31 20 664 6441. E-mail: artbase@pi.net**

WORLD SERVICE

BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)

MONDAY TO FRIDAY

NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 15.00 of European business and the financial markets

17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

FINANCIAL TIMES
Wednesday April 23 1997

Flexible working will protect 34,000 jobs

German Ford deal to save $120m a year

By Ralph Atkins in Bonn

Ford of Germany has secured a cost-cutting deal with its workers in return for investment commitments in the country up to 2010.

The innovative "investment protection" deal on flexible working and overtime costs should help safeguard 34,000 jobs and save the company $120m a year. It could also provide a model for agreements elsewhere in German industry.

Ford said it would guarantee the company remained in Germany over the long term, easing workers' worries about the survival of some centres.

The agreement between management and the workers' council in Cologne comes as pressure increases on German businesses to reduce costs to remain internationally competitive.

Mr William Boddie, chief executive of Ford in Germany since August, announced this year plans to cut costs by the equivalent of 3 per cent of turnover this year.

Pressure at Ford's plants in Cologne, Berlin and elsewhere in Germany was particularly acute because Ford-Werke, the German arm of the Ford Motor Company, incurred a DM509.9m ($296.4m) pre-tax loss last year on a turnover of DM26.4bn.

The deal will not cut underlying wages or salaries and a basic pan-industry payment structure agreed with unions is unaffected.

Overtime payments will be reduced, but planned wage increases of 1.5 per cent for 1997 and 2.5 per cent for 1998 should go ahead.

In addition, the deal does not commit Ford to building in Cologne a successor to its Scorpio executive car, which has had lacklustre sales, although pilot production is covered.

Mr Boddie said: "The agreement shows that it is quite possible, within the context of the comprehensive tariff agreements which Ford wishes to protect, to find flexible rulings which protect the competitiveness of German sites."

The agreement safeguards the production in Cologne of the successor to the present Fiesta. Cologne will also supply a new three-cylinder engine and develop the next generation of Mondeo mid-size family cars.

On working arrangements, the deal will modify the previous system under which workers were paid for time off on Christmas Eve and New Year's Eve.

Managers' rights to automatic paid leave on certain days will be discontinued. From July 1 until the end of 1998, overtime shift allowances for late-working and night-working will be reduced to standard tariff rates. In addition, there are complex provisions which should reduce the cost to Ford of the flexible working arrangements.

White House bans new US investment in Burma

By Ted Bardacke in Rangoon and Nancy Dunne in Washington

The US yesterday imposed economic sanctions on Burma, banning new investments by American companies in the military-ruled south-east Asian country.

The move came after Washington failed to win support from Asian governments for a multilateral effort to press Burma to stop persecuting dissidents and ethnic minorities.

The sanctions allow existing agreements to remain in place. The US is the fourth largest foreign investor in Burma, led by oil companies Unocal, Texaco and Arco.

Mrs Madeleine Albright, US secretary of state, said: "The decision is based on the president's judgment that the repression by the military authorities of the democratic opposition in Burma has deepened ... and that a state of large-scale repression exists."

In Burma, Mr Khin Nyunt, a senior member of the ruling military junta Slorc, said the government had no plans to start a dialogue with the democratic opposition. "We don't have anything to reconsider because we are walking in a straight line. We have decided we will not stray from our course." Slorc will meet today to consider a further response.

The White House has been under pressure from Congress to enact the sanctions, which were passed last year and called for a ban on new investment if the junta stepped up its repression. Ms Aung San Suu Kyi, Burma's Nobel prize-winning democracy leader and the recent target of a military-organised attack, has long advocated sanctions.

Washington's decision comes as Rangoon prepares for its expected entry into the Association of South-east Nations, a regional bloc which has consistently urged the US administration to abandon sanctions.

Last week, the UN Human Rights Commission passed a resolution denouncing rights violations by Burma's military rulers, including extrajudicial, summary and arbitrary executions, deaths in custody, torture, arbitrary arrests and forced child labour.

The European Union recently revoked Burma's trade privileges under the generalised system of preferences; states and cities in the US have prohibited government purchases from companies which do business in Burma; and western consumer product companies such as PepsiCo, Heineken, Levi Strauss and Walt Disney have pulled out of the country.

Popular performer, Page 12; Observer, Page 13

Nomura directors resign

Continued from Page 1

insisted yesterday that his main aim was to improve corporate management.

"This is the most serious crisis since the foundation of our company – we would like to do the utmost to recapture investor and shareholder trust," he said.

However, some analysts expressed scepticism about the changes. Ms Alicia Ogawa, banking analyst at Salomon Brothers, said: "We need proof of the change – we need to be sure that the directors who have been moved really will not be influential any more."

The Ministry of Finance said yesterday that it was still deciding whether to impose penalties on the company for the scandal. Government officials yesterday denied that they had decided to impose a three-month suspension of business on Nomura, as some Japanese media reports claimed.

However, Mr Hiroshi Mitsuzuka, finance minister, reiterated the government's determination to deal "strictly" with the securities house.

Prayers fuel talk of political alliance in Japan

By William Dawkins in Tokyo

Japan's ruling Liberal Democratic party and the opposition New Frontier party fuelled rumours of an impending alliance yesterday when senior officials from the rival parties held joint prayers at a military shrine.

An alliance would restore the dominance of conservative forces in Japanese politics after four years of instability. The NFP was formed in 1994 by LDP rebels who left in the wake of corruption scandals.

Mr Ichiro Ozawa, the NFP leader, and his followers – about one third of the NFP's members of parliament – are believed to be exploring a return to the fold, with the support of senior LDP members.

The gathering at Yasukuni shrine in Tokyo, memorial to those who died in the second world war, is the third significant act of co-operation – all on defence-related matters – between the two parties.

The joint prayers follow the launch of an LDP-NFP study on North Korea, and the NFP's decision to vote with the government last week on a controversial bill to allow the compulsory allocation of land on Okinawa for use by US military bases there.

The Okinawa accord was sealed by a televised handshake between Mr Ozawa and Mr Ryutaro Hashimoto, the LDP prime minister, rivals for most of their careers. An NFP official said yesterday that Mr Ozawa felt it was up to Mr Hashimoto "to see what the relationship will be".

The visit to Yasukuni by 200 politicians from the LDP and NFP is likely to be seen as a show of solidarity with Japan's nationalist right-wing and to draw protests from the country's neighbours.

Political analysts in Tokyo believe the formation of a single conservative LDP-NFP party, or *ho-ho rengo*, is unlikely in the near future. But they say it could be the start of closer LDP-NFP co-operation, which would mark a shift by the government towards the right, supporting closer security co-operation with the US and faster economic deregulation. These are the only issues on which the LDP and NFP agree.

The next issue on which the LDP and the NFP are expected to unite is a review of guidelines with the US for dealing with east Asian security crises, due for approval by the Japanese parliament in the autumn.

Mr Hashimoto travels to Washington this week for talks with President Bill Clinton that are likely to focus on security issues.

THE LEX COLUMN

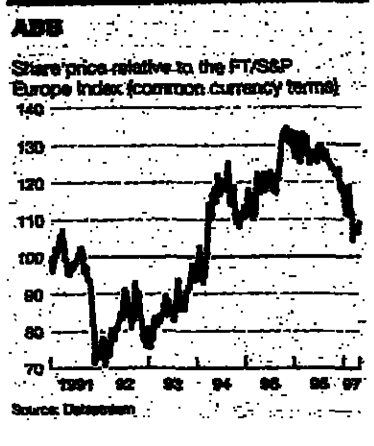
Monetary matters

France's decision to clear the way for some fiscal housekeeping will be welcome news in Bonn and Frankfurt. The Germans have never disguised their irritation at French creative accounting. President Jacques Chirac's announcement implicitly recognises that there can be no repeat of the FFr37bn France Telecom payment. And by stressing France's determination to qualify, bona fide, for economic and monetary union in 1999, it lessens the prospect of Emu being stillborn. Monetary union without either France or Germany, its founding spirits, is inconceivable.

Germany itself, of course, still has a somewhat shaky hold on the Maastricht high ground. It may have avoided dodgy budgetary wheezes, but it remains touch and go whether it will hit the 3 per cent budget deficit target. And with very little room for fiscal manoeuvre, Chancellor Helmut Kohl is left praying that shrinking dole queues come to his rescue. If they do not, Germany can hardly try to exclude Italy, Spain and Portugal from the first round, something it must do if the Euro is to be saleable to the German people.

Italy looks an increasingly marginal bet, but Portugal and Spain arguably have better chances of meeting the deficit target than Germany. Germany will also be hard-pushed to censure Portugal for a high debt/gross domestic product ratio when its own ratio is heading above 60 per cent, while the Irish Republic and Belgium are in an even worse position. There remains much to play for.

FTSE Eurotrack 200: 4346.1 (+17.4)



Source: Datastream

ABB

ABB, that paragon of hard-headed European restructuring, is going soft. Mr Goran Lindahl, who took over as chief executive from Mr Percy Barnevik in January, emphasises the importance of the Swiss-Swedish engineer's softer assets and in particular – as he puts it – the nearly 300 tonnes of brains mustered by its workforce. To put those brains to better use, Mr Lindahl is trying to push ABB up the technology curve and putting more resources behind marketing and customer focus, particularly in Asia where business is still largely based on individual relationships.

Investors need not fret that this is a shift away from the strategy of the successful Barnevik days; ABB still sees plenty of scope for good, old-fashioned cost cutting and is looking for productivity improvements of 6-10 per cent a year. But they should bear in mind that when it comes to rationalisation, winning business in emerging markets and financial performance, the group is streets ahead of rivals like Siemens or Alcatel. ABB's return on capital was 21 per cent last year, against 11 per cent for Siemens.

Mr Lindahl's challenge, therefore, is more akin to that facing Mr Jack Welch at General Electric: to increase revenues while maintaining the current high returns. As at GE, slicker marketing and an increased stress on higher-margin service business, will play a large part. Yesterday's 22 per cent increase in new orders for the first quarter is an encouraging start.

UK pharmaceuticals

Pharmaceutical stocks are turning into this year's stock market stars, with the sector outperforming the FTSE All-share index by 13 per cent so far in 1997. Their combination of premium earnings growth and good earnings visibility at a time of profit downgrades elsewhere has proved hard to resist. SmithKline Beecham proved the point yesterday, with constant currency growth of 19 per cent in its first quarter.

The longer term worries overhanging the industry have not disappeared. The costs of developing and marketing new drugs are rising steadily, while pressure on health care costs remains. But volume growth is running at a healthy 6-7 per cent and far higher for innovative new products. Within Europe, the three big UK drug groups look particularly well-placed. Between them, Glaxo Wellcome, SmithKline and Zeneca have 30 compounds filed for approval or in late-stage clinical trials. With the exception of Glaxo's Zantac, there are no significant patent expiries until 2000. And most of their sales come from a few big medicines. In stark contrast, the likes of Pharmacia & Upjohn and Hoechst's HMR unit have a long tail of older products facing increasing competition.

All this has pushed up valuations. Even Glaxo now trades on a 30 per cent premium to the UK average on this year's forecast earnings. But given the recent wobbles in western stock markets, a combination of certainty and growth looks well worth paying up for.

UK flotations

It is going to be a bumper year for UK flotations. Demutualisation alone will deliver more than £23bn of new equity to the stock market. Nonetheless, the more traditional new issue is not attracting the same enthusiasm as Alliance & Leicester. The amount raised so far from standard initial public offerings is well under half the level of 1996. In part this reflects the uncertainties of an election – with several issues being postponed until the autumn – but it also suggests limited hunger for typical UK flotations.

New issues reflect the make-up of the small companies sector, which has seen price-earnings ratios slump to a near 10 per cent discount to the stock market average, based on 1997 forecasts. The problem is that flotations include a disproportionately high number of cyclical industrial companies. And in the current two-tier economy, with general industrial companies suffering from the strong pound while services and consumer-orientated companies ooze optimism, the minnows are struggling. Even football companies have scored an own goal, due to the quantity and declining quality of recent flotations.

Management buy-out activity remains buoyant and this is the main pipeline for future flotations. But it could also create future problems. Prices paid for buy-outs have risen steeply with competition among venture capitalists. And if demand remains subdued for new issues, the exit price from these MBOs may be insufficient to justify the original deal.

See additional Lex note on unlisted shares, Page 22

FT WEATHER GUIDE

Europe today

Low pressure will cause unsettled conditions with rain and strong winds across Scotland. Northern Ireland and England will have rain later in the day. Southern areas of the UK will stay dry with some sunny spells.

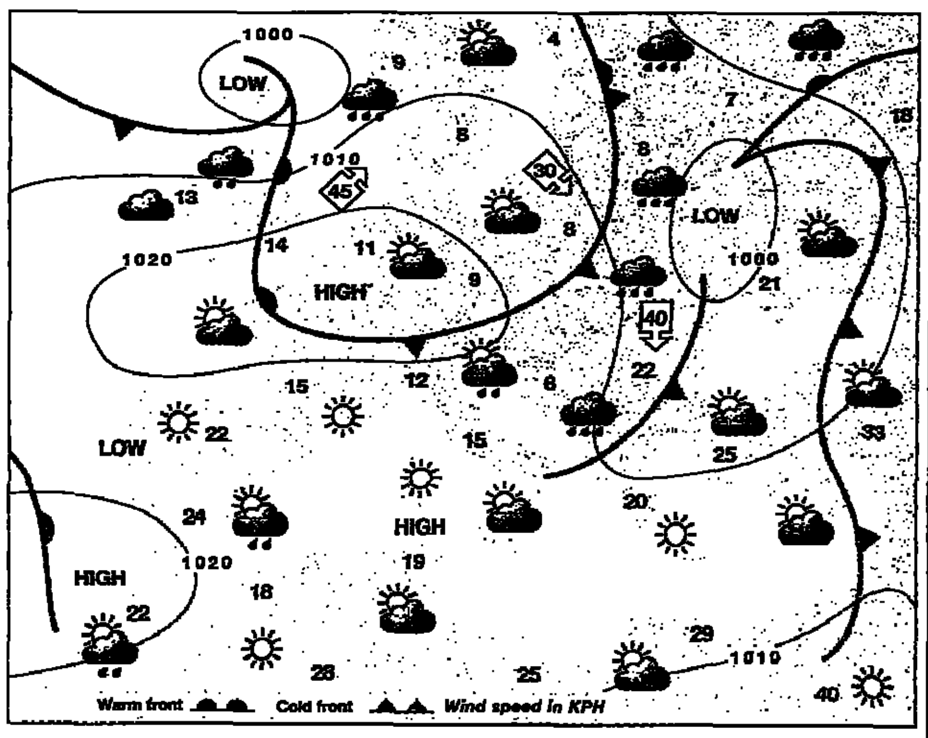
High pressure will bring sunny conditions to the Benelux and France, although Brittany will be cloudy.

The Iberian peninsula will stay dry with bright, sunny spells, although the south will have showers.

Conditions will gradually improve in Italy. Eastern and northern Europe will be cool. The south-east will be warm, dry and mainly sunny.

Five-day forecast

The Middle East will stay very warm and mainly sunny with temperatures exceeding 35C until the start of the weekend. France and southern England will stay mainly dry and should turn milder during the weekend. A disturbance will bring rain to the Benelux and southern Scandinavia on Thursday.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Beijing	sun 20	Caracas	fair 30	Faro	sun 21	Madrid	fair 21	Rangoon	sun 37
	Celsius	Belfast	rain 15	Cardiff	cloudy 13	Frankfurt	fair 12	Majorca	fair 19	Reykjavik	fair 4
Abu Dhabi	sun 33	Belgrade	rain 8	Casablanca	fair 20	Geneva	sun 15	Malta	sun 17	Rio	cloudy 29
Accra	fair 32	Berlin	cloudy 9	Chicago	cloudy 10	Gibraltar	shower 22	Manchester	cloudy 13	Rome	fair 15
Algiers	fair 16	Bermuda	fair 23	Cologne	fair 11	Glasgow	rain 13	Manila	cloudy 32	S. Frsco	fair 16
Amsterdam	fair 11	Bogota	shower 19	Dakar	fair 26	Hamburg	cloudy 9	Melbourne	cloudy 19	Seoul	sun 21
Athens	sun 20	Bombay	sun 32	Dallas	fair 28	Helsinki	cloudy 6	Mexico City	fair 25	Singapore	fair 33
Atlanta	thund 27	Brussels	sun 11	Delhi	sun 36	Hong Kong	cloudy 25	Miami	fair 31	Stockholm	fair 8
B. Aires	sun 25	Budapest	cloudy 9	Dubai	sun 33	Honolulu	fair 30	Milan	sun 14	Strasbourg	fair 13
B.ham	cloudy 14	C.hagen	cloudy 7	Dublin	cloudy 15	Istanbul	fair 22	Montreal	fair 14	Sydney	fair 24
Bangkok	fair 38	Cairo	sun 37	Dubrovnik	rain 13	Jakarta	fair 32	Moscow	rain 6	Tangier	shower 20
Barcelona	sun 16	Cape Town	shower 19	Edinburgh	rain 13	Jersey	sun 11	Munich	cloudy 11	Tel Aviv	sun 37
						Karachi	sun 34	Nairobi	shower 27	Tokyo	fair 19
						Kuwait	sun 33	Naples	fair 15	Toronto	fair 14
						L. Angeles	fair 25	Nassau	fair 29	Vancouver	fair 13
						Las Palmas	fair 24	New York	cloudy 17	Venice	fair 13
						Lima	fair 25	Nice	fair 18	Vienna	cloudy 10
						Lisbon	fair 21	Nicosia	fair 31	Warsaw	cloudy 7
						London	fair 14	Oslo	cloudy 9	Washington	shower 15
						Lux.bourg	fair 11	Paris	fair 13	Wellington	rain 14
						Lyon	sun 14	Perth	fair 24	Winnipeg	cloudy 13
						Madeira	fair 21	Prague	fair 9	Zurich	fair 10

COMMENT & ANALYSIS

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Wednesday April 23 1997

It's double or quits

The French election to be held in a month's time is potentially much more important than the British one next week.

The British one is important for Britain, and may help to determine Britain's future role in Europe. But the French one could have a decisive effect on the future shape of Europe as a whole, because it is bound to focus on European monetary union. That Emu might start without Britain has always been on the cards. But Emu without France is unthinkable. The whole thing is a French idea.

Attitudes to it in France remain sharply divided, but until this week there was a broad consensus that the project would go ahead. True, the Socialist opposition appeared to be setting conditions – in essence, a co-ordinated reflation policy – which would certainly be unacceptable to Germany. But the elections were not due until next March, by which time President Jacques Chirac and his government were clearly determined that the Maastricht criteria should have been fulfilled. Few commentators believed the Socialists were likely to win, and none at all believed that if they did they would take it upon themselves to abort Emu at that late stage.

With the new timetable, however, the prospect is entirely different. If the left returned to power in June, it would do so halfway through the crucial year in which the criteria have to be met; and it would do so on the basis of a campaign mobilising popular anger against both the deflationary and the deregulatory policies which the present government rightly presents as necessary to Emu's success.

Join forces

This is already clear in the rhetoric with which Socialist leaders are reacting to Mr Chirac's dissolution of parliament. Their statements on Emu have won praise from the Communist leader, Mr Robert Hue. Nor is that surprising, since the French single-member constituency system requires the left-wing parties to join forces if they are to have any chance of winning. Normally they do so on the second ballot, but in many seats that is a luxury they can no longer afford, since without a single candidate on the first ballot Mr Jean-Marie Le Pen's National Front could force them into third place.

Added handicap

Both Mr Le Pen and the Communists are firmly against the single currency on any terms, and Mr Le Pen is probably better prepared for an election campaign than either of the left-wing parties. He is unlikely to win many seats, but he will help set the tone of the campaign, and his supporters will often have the casting vote on the second ballot. Whatever advice he gives them, many will either abstain or plump for the opposition.

A Socialist government which came to power in such circumstances would not find it easy to keep this year's budget in line with the Maastricht criteria – especially if a further significant fiscal tightening is needed. The suspicion that Mr Chirac has called early elections precisely in order to impose such tightening will be an added handicap to his supporters in the campaign. In short, the risk that he has taken is real, and failure would leave his authority in ruins.

All the same, his instinctive feeling that a fresh mandate is needed for the final push towards Emu is surely right. Nearly five years have passed since the knife-edge referendum on the Maastricht treaty; and Mr Chirac's presidential campaign in 1995 fudged the issue. The judgment to be made is now much clearer: do the French believe the hard economic grind of the last few years will soon be rewarded or has it merely given them a foretaste of life under Emu?

In this election, the question should be clearly posed. A vote for the incumbent parties will be a vote to fulfil the Maastricht bargain without flinching – and Mr Chirac will be entitled to treat it as such.

Changing the constitution

Reform of the UK constitution is a cause often embraced in opposition and frequently forgotten in government. Out of office, politicians see great virtue in rewriting the rules by which the nation is governed. Once elected, they have tended to lose interest.

The objective case for reform, however, is now strong. Britain has developed one of the most centralised systems of government of any industrial country. The authority of the executive, exercised through the House of Commons, is subject to ever fewer checks and balances.

Local government has been rendered largely impotent, the independence of the judiciary is being called into question, and unaccountable quangos have replaced elected boards in much of the administration of government. For the past 18 years, a government rightly determined to break the old economic monopolies has hoarded political power. Mr John Major's Conservatives are fighting the general election on a platform which says nothing much need be changed. Mr Tony Blair's Labour and Mr Paddy Ashdown's Liberal Democrats propose significant reform.

Radical reforms

The two opposition parties have agreed a programme which would bring devolved government to Scotland and to a lesser extent Wales, reform of the House of Lords, incorporation into domestic law of the European Convention on Human Rights and a referendum on the electoral system for the Commons. The Liberal Democrats espouse in addition a series of more radical reforms with the ultimate goal of a federal system of government.

Overall, the joint proposals set off in the right direction. The supposed immutability of the elusive body of principles, institutions and statutes which comprise the constitution is a myth. If it were otherwise, women would still be denied the vote. The reality is that, over the centuries, the constitution has undergone sweeping change, albeit beneath a thin veneer of continuity.

The case for reform is clear: over-centralised government is corrosive of trust in the nation's elected representatives. Government distant from the people is prone to arrogance and, in its broadest sense, corruption. It is also inefficient. As in economics, so in politics: monopolies are bad.

Cause for doubt

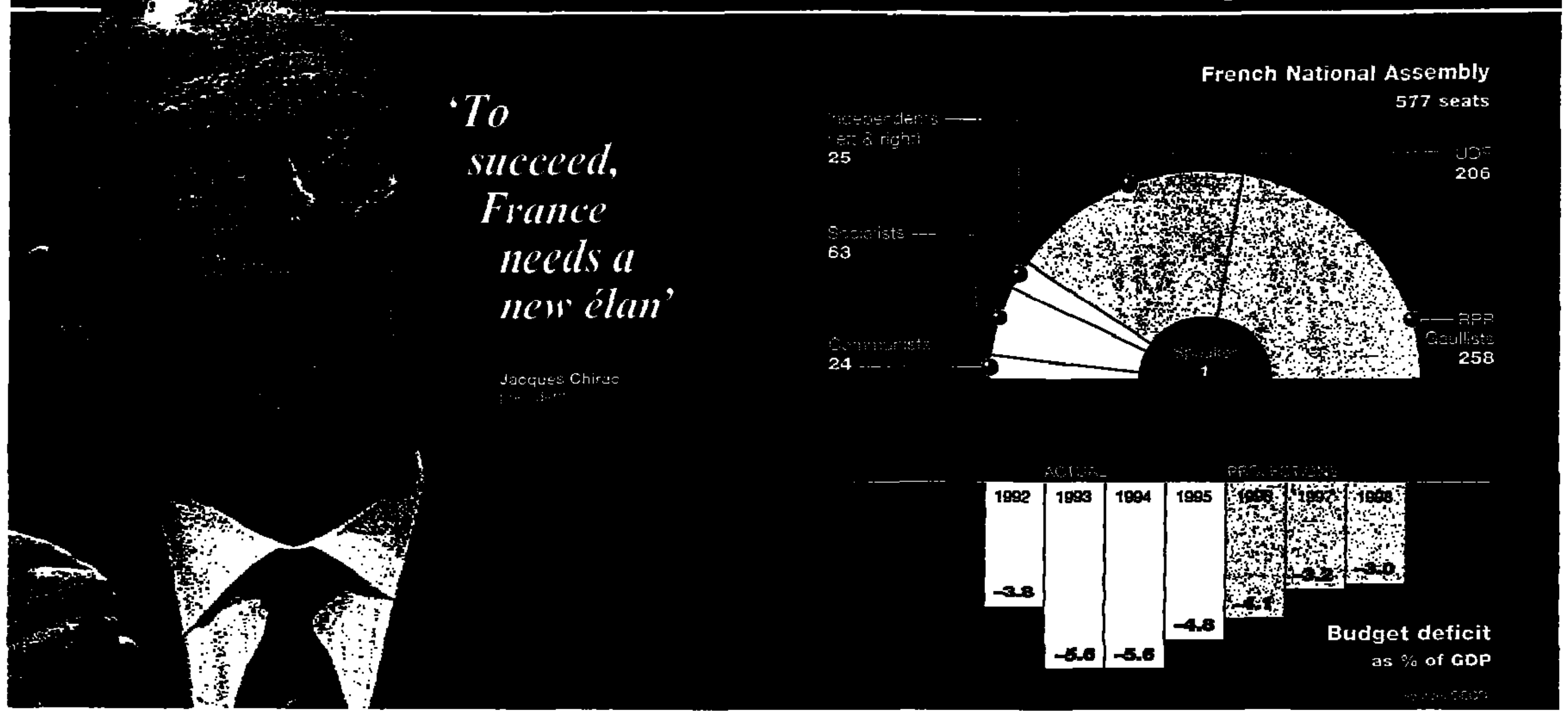
That said, there is cause for doubt about Mr Blair's commitment to even the limited objectives he has set himself and about the overall coherence of his strategy. He has said legislation to permit devolution would be one of the first acts of a Labour government. Yet in an election campaign which has already run for five weeks, he has barely mentioned the promise. That raises the suspicion that, once elected, he too might lose interest.

Mr Blair has failed to address the impact on Westminster of a Scottish parliament. The so-called West Lothian question – which asks why English MPs should be denied a say in Scotland's affairs while Scottish MPs retain a say in England – is hard to answer. The constitution has never possessed the neat symmetries the question implies. Yet an Edinburgh parliament could well put strains on the present constitutional bargain between England and Scotland and thus demand adjustments.

Mr Blair has been similarly opaque on his plans for the House of Lords beyond the abolition of seats for hereditary peers. On the issue of proportional voting for the Commons, he has promised a plebiscite while saying he is unconvinced of the need for change.

These are worrying signs. Reform is a necessary condition for the re-invigoration of democracy. But it will be carried only if the project commands unbending political commitment. In the words of William Gladstone more than a century ago, the UK's constitution "presumes more boldly than any other the good faith of those who work it".

Chirac: the longer he waits the bigger the losses



A calculated gamble

Chirac has called an election for his own convenience but the outcome could affect the single currency, says **David Buchan**

President Jacques Chirac has plunged France into fresh parliamentary elections essentially for his domestic political convenience. But on the outcome of the two rounds of polling on May 25 and June 1 ride consequences of great importance for Europe and its single currency project.

The president's main motive is damage control. He needs to avoid his ruling Gaullist-led coalition losing more seats than it otherwise would if he had allowed the National Assembly to run its full five-year term until next March. He wants to give himself a working majority in parliament for the rest of his time in the Elysée – until 2002.

This would enable him to steer France into European economic and monetary union, free of short-term electoral constraints.

However, a complete upset – for France and to some extent for Europe – is possible. French voters could decide to take out their anger about record unemployment on the government of Mr Alain Juppé, the prime minister, and vote it out of office.

The shock would be acute because to be in a position to form a majority, the Socialists would have to ally themselves with the Communists, who are viscerally opposed to the single European currency. The narrower a Socialist margin of victory, the more the party will be beholden to the Communists.

It is highly unusual for any leader to call a snap election, knowing he is going to lose a large number of his troops. But President Chirac does start with an enormous number of them.

In 1993, the Gaullist RPR and its junior centre-right coalition partner, the UDF, won virtually the biggest conservative landslide since the Bourbons returned after Napoleon. Despite some minor by-election losses since, they still hold 464 out of the National Assembly's 577 seats.

The RPR-UDF leaders knew they would lose about 100 seats, as the pendulum of French politics swung back a bit to the centre. They have convinced Mr Chirac that the longer he waits the bigger the losses will be.

Better, from the president's point of view, to face the music now, shed the "excess" seats, and retain a safe working majority. Some of the "excess" deputies in marginal seats are understandably unhappy. "We are not cannon fodder for the executive," complained one government backbencher.

There is a long pre-history to this dissolution. Mr Juppé himself has long regretted Mr Chirac's 1995 campaign promise not to dissolve the National Assembly if he won the presidency.

In both the previous presidential elections, in 1981 and 1988, François Mitterrand called fresh parliamentary elections to give himself a majority of his own.

President Chirac's promise not to do the same was rooted in his internecine struggle with Mr Edouard Balladur to be the Gaullists' candidate.

Mr Balladur had suggested that he would follow victory with a dissolution. So Mr Chirac – desperate at that stage to curry favour with "the class of 1993" in his own party – made the counter-promise that they could hang on to their seats.

The upshot was that Mr Juppé never quite managed to put his own stamp on parliament – though in autumn 1995 he did persuade Mr Chirac, under the pressure of a run on the franc, to let him give priority to deficit-reduction over job-creation.

The past two years have been a learning exercise for both president and prime minister, who by the standards of the Fifth Republic have formed an usually close and loyal team.

Mr Juppé has accepted that the public sector strikes, which brought the country to a near standstill in late 1995, showed the political wisdom of Mr Chirac's gradualist approach to slimming down the bloated French state.

For his part, Mr Chirac has stood by Mr Juppé, even when the latter last year broke all records for prime ministerial unpopularity.

The president has shown no appetite for switching premiers. Of the two obvious Gaullist successors, Mr Philippe Séguin, the National Assembly president, remains too Euro-sceptical, while Mr Jacques Toubon, the justice minister and nominal number two to Mr Juppé, is seen as lacking the requisite stature.

So Mr Chirac gave in to Mr Juppe's pressure for a new majority. Two factors clinched the argument for dissolution. The first relates to the politics of austerity. The government is in the throes of preparing a 1998 budget, to be announced in September. It will, for the second successive year, keep public spending constant in nominal terms – in other words, given inflation of about 1.5 per cent, a real cut. This would bring the budget deficit below the Maastricht criterion of 3 per cent of gross domestic product.

The government may have to screw the lid down even tighter because next year it will not be able to repeat the windfall pension-related payment from France Telecom that eased the fiscal balance this year. Better politically, therefore, to take further austerity measures after an election in summer 1997 rather than before one in spring 1998.

The second factor has only become obvious to Mr Chirac and his psephologists in the past few weeks: a certain weakness on the left and a growing menace from the far right.

Mr Jospin is having obvious difficulty in gearing up his Socialist challenge. This relates partly to himself. His image is bland, schoolmasterly. To make matters worse, he lacks a seat in parliament. That is not a fatal handicap to leadership in the French system, but it has nonetheless lowered his visibility.

More generally, although its election manifesto will only be out on May 2, the Socialist party has already disappointed many of its actual or potential supporters.

It has irritated the left by its waverings over immigration. At the same time it has dismayed many in the vital centre of the electorate with its old-fashioned economic programme. The core of this is a commitment to foster some 350,000 jobs in the private sector by cutting the working week without reducing pay, and to subsidise another 350,000 new jobs in the public sector.

By contrast, the rise of Mr Jean-Marie Le Pen's far-right National Front (NF) has created alarm. Its rise may be more apparent than real. It has just scored another municipal victory in the south and its congress in Strasbourg last month generated huge publicity. But the Front's general standing has not risen above about 15 per cent.

That said, where its candidates manage to survive the May 25 first round of voting, the NF has considerable potential for splitting the rightwing vote and handing victory to leftwing candidates in the June 1 run-off.

So how will it all play out, against a background of rising economic growth and stubbornly high unemployment?

Much depends on whether the French electorate regards the election as sufficiently important to have their month of May – traditionally known as the gruyère month because of the holes in it created by various holidays – taken up by it. The French are not used to snap elections, and the constitutional theory on them, such as it is, is that they should be justified by some kind of crisis.

In his dissolution speech, Mr Chirac tried to raise the stakes, talking of the need to give France "a new élan" for reform at home and success abroad. In a pep talk to his RPR and UDF deputies yesterday, Mr Juppé explained this "new élan" would involve pushing ahead with modernising the state, freeing private enterprise, renovating the French welfare system and creating the "greater Europe".

But the Juppé government is already launched along this road, and both the president and the prime minister have made clear they do not intend to increase the pace of reform as fast as certain free-market liberals like Mr Alain Madelin, the former finance minister, would like. Both are conscious of the political mileage that the left will try to make out of branding the government as "ultraliberal".

Mr Juppé hammered away at the "archaic refusal" of the Socialists to slim down the state and its deficits. But he said there was no question of succumbing to "the selfish individualism, the gross capitalism and the simplistic hyperliberalism of the 1980s". He is no Margaret Thatcher, and Lionel Jospin is no Tony Blair.

So what probably lies in store for the French people if they re-elect the centre-right is continued spending restraint, incremental reductions in the civil service and another attempt at public pension reform, less drastic than the failed reform of 1995.

On a wider front, Mr Chirac sought to dress up the election as essential to give the French people a voice in reform of EU institutions, enlargement of the EU and reform of Nato.

Yet none of these issues appear to interest the French public in the slightest. Only on the issue of "the passage to the euro" did the president strike a seriously sensitive political chord.

The euro will be the wild card of this election. It divides both left and right. The Socialist party is torn by how far to compromise its support for the euro in a deal with the Communists. Senior Gaullist Eurosceptics like Mr Charles Pasqua will want to turn next month's election as far as possible into a referendum on the single currency.

Even by holding the election nearly a year ahead of the EU's planned decision on which countries will first form Emu, Mr Chirac was never going to be able to neutralise the issue. For the struggle to qualify for the euro is here and now.

OBSERVER

Clean hands at Nomura

■ Much relief at Nomura yesterday as Junichi Ujiie was appointed president. Officials of Japan's biggest securities house believe he's just the man to project a new, cleaner, image after its recent troubles with corporate gangsters.

At 51, Ujiie might seem a touch venerable to western bankers, but he's a spring chicken in a country where business leaders are often in their 60s and politicians can hold office into their 80s.

He gained a doctorate in business administration in the US, and has impressive overseas experience with Nomura – he has worked in Europe and was in charge of US operations until 1995. To add further gloss, his most recent job was at Tokyo headquarters in charge of risk analysis and management, one of the most urgent areas for reform – and fashionable subjects for discussion – in the Japanese financial sector.

Spending time abroad is not normally a plus for aspiring managers in Japan. But being thousands of miles from head office for most of the decade has been a decided advantage. Ujiie demonstrably has no link with the 1991 scandal over paybacks to big clients to compensate them for trading losses, which cost the then president his job, or the apparent failure to clean up afterwards, causing the fall of two presidents this year. Ujiie may represent one of the cleanest pairs of "new" hands available to the beleagured Nomura. He must be hoping he can last a little longer than his predecessors.

Oil be back

■ J.P. Bryan, the abrasive Texan who heads Gulf Canada Resources, put a few British noses out of joint during Gulf's successful pursuit of Clyde Petroleum earlier this year. Success, if Gulf's latest annual report is anything to go by, seems to have gone to his head.

The report – titled "Mission 2006: Possible" – is an unsubtle parody of the old TV series Mission Impossible. Bryan's message to shareholders is penned by "Special Agent James Brash" and Gulf's four most senior "special agents" are each profiled. Bryan's own "personality indicators" suggest he's "known to wear down opposition through relentless pursuit" and "extremely dangerous when armed, especially when shooting from the lip". The chief financial officer, aka The Enforcer, is said "to be responsible for instigating unrest among hostile forces".

Bryan says the Clyde takeover completes Operation Restoration, Gulf's transformation from a sleepy, financially troubled outfit into one of Calgary's most aggressive oil and gas producers. But his "special mission forces" still have work to do. "It's time for me to sign off now and head out on another assignment," he concludes. Don't say you haven't been warned.

Sirtax

■ Violent crime costs money. Men commit most violent crime. Therefore men should pay more tax. Well, that's what women council members in the Swiss city of Basle are proposing. Gentle men of Basle, prepare to defend your honour.

Principled stand

■ It was good to see France's ruling centre-right RPR party setting a high moral tone at the start of the general election campaign. President Jacques Chirac went on television on Monday to stress the need to restore morality to politics, to match the economic probity of tough public-expenditure rules.

It was less good to see that, almost as soon as he had finished speaking, faxes across Paris newsrooms churned out a message from the ministry of third world development, with a strongly partisan message by minister Jacques Godfrain backing Chirac. Maybe stopping that sort of use of civil servants' time and taxpayers' money was what Chirac had in mind.

On the spot

■ Uncle Sam's man in Burma is getting some early practice in defending his country's imposition of economic sanctions on the military government. Veteran chargé d'affaires Kent Wiedemann is looking at opium eradication and border development programmes in the country's remote north-east.

His companions are top Burmese military officials and diplomats from China and other south-east Asian countries, all implacably hostile to linking human rights with trade. They're probably bending Wiedemann's ear on the subject right now.

Wiedemann was taken along because of his painstaking efforts to improve the US's relationship with Burmese officials, especially in drug suppression. There may be less demand for his company on future trips, but once he gets home from his current ear-bashing, he may not mind that very much.

The Financial Times

100 years ago

The Yukon Goldfields
The Yukon goldfields may not yet be a household word in the City of London, but they soon will be, apparently. The inevitable British syndicate has dropped onto them, and the usual bagatelle of a few million dollars has been subscribed for their development. So we learn from a Canadian cable. It informs us further that the syndicate has been launched under noble and aristocratic auspices, a certain well-known Duke being its President. The Canadians seem to be as proud of his patronage as of the fabulously rich deposits he and his friends are going to work.

50 years ago

French Steel Output
Paris, 22nd April. Figures for March show that French steel production is at last approaching the 1938 level. The total tonnage for that month was 488,000, or 94 per cent of the monthly average of the year before the war. The industry, though left intact at the liberation, has been slow to revive owing to lack of coke. Supplies are still inadequate, but through intensive utilisation of scrap iron the March output of the Martin steel plant was 5 per cent, and that of the electrical plant almost 50 per cent, higher than pre-war.

Hervet considers takeover defence

By Andrew Jack in Paris

Banque Hervet, the French state-owned bank earmarked for privatisation, may be partly sold to an informal group of "friendly" shareholders to protect it from a hostile takeover.

The sale is still under discussion, but the final decision will provide an important indication of the state's willingness to allow the bank's fate to be dictated by the financial markets.

Recent sell-offs in France have moved away from the strategy of the late 1980s of having "core" shareholders, or groups of investors, often holding 5 per cent of the capital and bound by formal commitments. This has been specifically ruled out for Banque Hervet by Mr Jean Arthuis, the economics and finance minister.

However, more recent sell-offs, including that in 1995 of Pechiney, the aluminium group, and in 1996 of AGF, the insurance group, have involved more informal groups of friendly investors.

A similar alliance could prove important for Hervet during the first two or three years after its privatisation, given its vulnerability to a hostile takeover at a time of intense restructuring in the financial services sector.

Candidates to take a significant stake may include Crédit Commercial de France, the bank which had expressed interest in acquiring full control of Banque Hervet, and which briefly took a one-third stake in 1993.

Other potential investors are the French insurers Axa and Cardif, and their Italian rival Generali, all of which have life assurance products sold through the bank's 80 branches.

Banque Hervet also has alliances with Banco Popolare di Bergamo in Italy and Banco Zaragozano in Spain, and is believed to be considering partnerships with other institutions in the consumer credit field.

Those close to the negotiations say that a relatively high proportion of the shares – perhaps up to a third – in the Hervet privatisation could be sold to individuals, including the bank's 100,000 clients as well as its staff.

They also stressed yesterday that the privatisation of the bank could still take place before July 14, in spite of the French general elections, the final round of which is scheduled for June 1.

■ Crédit Lyonnais, the French state-owned bank, said yesterday it planned to sell its controlling stake in Credito Bergamasco of Italy in the next few days. The action comes at a time when Crédit Lyonnais is under intense pressure to sell off its European retail banking network outside France as part of its preparations for privatisation.

Music sales offset films at PolyGram

By Alice Rawsthorn

The global music market seems poised for a return to growth this year, according to Mr Alain Lévy, president of PolyGram, the Dutch company which is the world's largest music group.

PolyGram, a subsidiary of the Philips consumer electronics group, has had static profits for the past two years largely because of sluggish record sales. Yesterday it reported net income of Fl 122m ($64m) for the first quarter of 1997, down from Fl 124m last year.

However, Mr Lévy blamed the decline on an increased loss, of Fl 55m compared with Fl 19m, from PolyGram's film division. By contrast, the music division mustered 19 per cent growth in operating income to Fl 251m from Fl 211m, buoyed by the success of *Pop*, the new U2 album, which has shipped 5m copies to retailers worldwide.

Other releases by Warren G., Andrea Bocelli, Jacky Cheung and Texas also sold well during the quarter. Mr Lévy said the music market had been "much better than most people thought", with growth in the US, UK, Japan and signs of recovery in Germany.

A change of distribution strategy in Japan contributed to an improvement in operating margins, and Mr Lévy expects the financial benefits of PolyGram's recent cost-cutting to emerge during the year.

The increase in film losses was due to a seasonal reduction in first-quarter releases, down to four this year against seven in the same period of 1996. PolyGram's most promising films for 1997 will be released later in the year. They include *Bean*, a comedy starring Rowan Atkinson, and *The Game*, a thriller with Sean Penn and Michael Douglas, directed by David Fincher, who made last year's hit *Seven*. The film division is expected to stay in the red in 1997, largely because of the cost of launching a US distribution network, although Mr Lévy hopes it may break even next year.

The Game: Michael Douglas in this year's psychological thriller from the director of Seven

New orders help lift ABB

By William Hall in Zurich

Shares in ABB, the international electrical engineering group, climbed yesterday after the group reported a 7.8 per cent rise in first-quarter net income to $236m and a 16 per cent rise in new orders to $10.1bn.

The rise in the order book, which was equal to a 22 per cent increase in local currencies, was welcomed by the stock market as evidence of the group's success in weathering the cyclical downturn in its traditional markets.

The shares, which started the week at SFr1,718 and lost the right to a SFr38 dividend yesterday, closed SFr19 higher at SFr1767.

More than $800m of the rise in the order book was attributable to the Bakun dam hydroelectric project in Malaysia, the biggest contract in ABB's history. However, Mr Göran Lindahl, ABB chief executive, said orders would have shown a double-digit growth without Bakun.

ABB's order intake has hovered around $36bn for the past couple of years. Mr Lindahl, who took over as chief executive at the start of the year, has made a top priority of winning more orders.

The increase was driven by the growth in large projects and increased demand from emerging markets. Orders for standard products and industrial goods were down slightly, reflecting a second year of slowdown in western Europe.

ABB does not give a divisional profit breakdown at the first quarter. However, analysts took comfort from the comments that operating earnings in power generation, which had fallen by nearly 40 per cent in 1996, were improving.

Earnings in the industrial and building systems segment, the biggest of ABB's four main businesses, were below last year.

Continental vows reform

By Graham Bowley in Hanover

Continental, the German tyre company, yesterday pledged further "radical" reform after continued losses in its commercial tyre division clouded a generally bouyant picture in the first quarter.

The company closed its plant in Dublin last year and has already shifted some production from expensive regions in Europe and the US to the Czech Republic and Portugal. It expects sales growth of about 5 per cent this year, to DM11bn ($6.46bn).

But Mr Hubertus von Grünberg, chairman, said the structural adjustments in production, distribution and management were not yet complete.

The company might consider closing one of its three European commercial tyre plants – in Germany, Belgium and Austria – if sales did not improve. It was set to cut its workforce further, although some of these redundancies were linked to a new manufacturing process aimed at cutting costs.

The company reported that sales in the first quarter rose 1.4 per cent to DM2.52bn. First quarter pretax profits increased 17 per cent from DM75m to DM88m.

The world's fourth largest tyre maker had already reported that 1996 net profit climbed 24 per cent to DM192.5bn on sales up 1.7 per cent to DM10.4bn.

Mr von Grünberg said General Tire, the group's US unit, had started especially well in the first quarter. But there had been a further worsening of conditions in the truck tyre division. This had contributed to an 8.3 per cent fall in sales in its commercial tyre division in 1996.

He expected General Tire, ContiTech, the technical products arm, and the European passenger tyre business to deliver the biggest gains this year.

INTERNATIONAL NEWS DIGEST

Telecoms losses to slow Mannesmann

Mannesmann, the German industrial group, yesterday warned that last year's rapid growth in profits from telecommunications would not be repeated this year because of increased start-up losses in the sector. However, Mr Joachim Funk, chairman, said Mannesmann had taken steps to improve performance in more traditional sectors, including seamless tubes, where it recently formed a joint venture with Vallourec, the French manufacturer.

Last year, telecommunications contributed operating profits of DM947m ($558m), compared with DM464m in 1995. The rise reflected the strength of Mannesmann Mobilfunk, which operates D2, Germany's largest mobile phone network with 2.5m users. This year Mannesmann's results will include for the first time losses from Mannesmann Arcor, the joint telecoms venture with Deutsche Bahn, the German railway operator. Mannesmann Arcor is building a fixed-line telephone network to rival Deutsche Telekom, the former state monopoly.

Ralph Atkins, Bonn

Banco Comercial up 12%

Banco Comercial Português, Portugal's second largest banking group, lifted net consolidated profit 12.2 per cent in the first quarter of 1997 to Es6.78bn ($40m). However, earnings per share fell 5.7 per cent from Es52.6 to Es49.6.

In line with market expectations, profits benefited from a sharp increase in the contribution of minority interests, from Es3.4bn in the first three months of 1996 to Es7.2bn. This reflected improved profitability at subsidiaries, including Banco Português do Atlântico, the country's biggest retail bank, which BCP acquired in 1995. The fall in earnings per share was mainly because of the dilutive effect of an Es27bn capital increase in the second quarter of 1996.

Peter Wise, Lisbon

JCI pressed to restructure

JCI, the South African mining house poised to enter black control, yesterday came under renewed pressure to restructure after announcing a 67 per cent drop in profits at its gold mining division for the quarter. The African Mining Group, a consortium of black business and trade unions, took effective control of the group in November when it bought a 34.9 per cent stake from Anglo American.

Mr Alexander Wilmot-Sitwell, executive director of corporate finance at SBC Warburg, which is advising the consortium, said the new owners were eager to restructure JCI. SBC Warburg will contribute up to R700m to the consortium's R2.4bn ($540m) funding package.

Mr John Brownrigg, managing director of JCI's gold division, said a 5.8 per cent fall in the average rand gold price during the March quarter had "exacerbated the need to improve productivity". After-tax profit was 77 per cent lower at R23.1m.

Mark Ashurst Johannesburg

CNP stake raised

Caisse des Dépôts et Consignations, the French state-controlled financial institution, said yesterday it planned to increase its stake in CNP, the state-owned insurance group, from 30 per cent to at least 35 per cent. Caisse des Depôts said the increase would coincide with a capital increase scheduled for when CNP is privatised.

Andrew Jack, Paris

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday April 23 1997 — Week 17

IN BRIEF

Drug groups make London new HQ

Rhône-Poulenc of France and Merck of the US are to base their animal health joint venture in London, underlining the UK city's status as the pharmaceuticals capital of Europe. Page 19

Lockheed Martin reports 10% rise
Lockheed Martin, the leading US defence, aeronautics and technology group, reported a 10 per cent rise in first quarter profits and a 31 per cent surge in revenues. Page 20

Reliance beats expectations
Reliance Industries, the Indian conglomerate, has reported a better-than-expected net profit for the year to March. Page 18

US drugs groups in line with forecasts
Bristol-Myers Squibb's first-quarter earnings showed that sales of its cholesterol-lowering drug, Pravachol, continued to grow rapidly, despite the introduction of a rival from Warner-Lambert. Page 20

Banks prepare to rescue Jinro
South Korean banks were preparing to rescue Jinro, the country's largest liquor group, from bankruptcy after it failed to settle Won50.4bn ($56m) of debts. Page 18

SAP profits ahead of forecasts
The stronger dollar and a number of new contracts helped SAP, the fast-growing German software group, beat market expectations in the first quarter. Page 19

Weak 1st-quarter results from RJR
RJR Nabisco, the second biggest US tobacco company, turned in a weak first-quarter performance amid continuing pressure from its bigger US rival, Philip Morris. Page 20

Wireless side fuels advance at Nortel
Strong wireless business, especially in the US, helped lift first-quarter earnings at Northern Telecom, the Toronto-based equipment maker, by 35 per cent. Page 20

ABB net income up by 7.8%
Shares of ABB, the international electrical engineering group, climbed after the group reported a 7.8 per cent rise in first-quarter net income to $236m. Page 16, Lex, Page 32

Companies in this issue

Market Statistics — http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Ind Werke	439.7	+	19.2
Mannesmann	651.0	+	8.5
Falls			
Deutsche Babock	80.1	–	4.6
Holzmann	462	–	16
Metro Pref	111.0	–	3.5
Preussag	436.0	–	6.5
NEW YORK ($)			
Falls			
Diebold	28¼	–	3¼
John H Harland	18½	–	2⅛
Nat Semicnd	22¾	–	4½
Snyder Comm	30¼	–	2⅛
Tupperware	32	–	3⅛
Zilog	18½	–	2½
LONDON (Pence)			
Rises			
Ashley (Laura)	150½	+	12
Flying Flowers	327½	+	44
JBA Hldgs	765	+	45
McCarthy & St	129	+	9½
Proudfoot	27½	+	5
Falls			
Cullens	23½	–	7
TORONTO (C$)			
Rises			
Beacon Eye	3.00	+	0.75
Hollinger Inc	12.5	+	0.8
Sears Canada	14.9	+	0.9
Vengo A	5.00	+	0.75
Falls			
Dotfan	19.0	–	1.3
Sobury Softw	11.5	–	1.0

PARIS (FFr)			
Rises			
Dassault Systm	342.5	+	12.5
Falls			
Alcatel	648	–	12
Legrand	930	–	21
Lyon des Eaux	516	–	11
Sidel	416	–	9
Valeo	352	–	8
TOKYO (Yen)			
Rises			
Ando Constn	345	+	21
Nikko Sec	700	+	29
Nissin Food	2890	+	250
Tokyo Car	393	+	18
Falls			
Nippon Shinpan	352	–	28
Orient Corp	405	–	28
HONG KONG (HK$)			
Rises			
Fong Cheung	0.52	+	0.12
Group Sense	0.92	+	0.14
Logic Intl	0.91	+	0.23
Sho Intl	0.72	+	0.10
Sun Fook Kong	0.68	+	0.17
Victory City	0.73	+	0.15
BANGKOK (Baht)			
Rises			
Delta Elec	99.5	+	9.0
Syn Mun Kong	130	+	11
Falls			
CVD Ent	38	–	4
Intl B'cast	23.25	–	2.5
Kiang Huat	63	–	7
Thai Commercial	26.75	–	4.25

New York and Toronto prices at 12:30.

Blockbuster loses top executive

Resignation is setback for Viacom's troubled division

By Christopher Parkes in Los Angeles

The Viacom entertainment group's efforts to revive its flagging Blockbuster video and music retail business suffered a setback yesterday with the surprise resignation of Mr Bill Fields, the division's highly rated chief executive.

News of his departure after only a year in the job overshadowed the announcement that Viacom plans to ease its $10bn debt burden next year by selling a new class of stock which will track Blockbuster's performance.

The mood on Wall Street was also darkened by a warning that the chain's cashflow in the first quarter, defined as earnings before tax, depreciation and amortisation, would be 15-20 per cent down on last year. Viacom's A shares fell $4 to trade at $26⅜ at lunchtime.

"Two of the three announcements are negative," said Ms *Jessica Reif*, a senior analyst at Merrill Lynch in New York. Whether Mr Fields was forced out or went voluntarily, his departure meant Viacom would have to "re-start the clock" on the Blockbuster recovery, she added.

"It will take 12 or 18 months to get a new man installed and functioning properly."

The sale of a minority portion of the new class of stock could be positive, but because it was planned for early 1998, it would be too far in the future to have much immediate effect on market sentiment, Ms Reif added.

The planned offering is the result of an extended review of options which include a sale or a spin-off as a standalone company.

Analysts agreed that the earnings warning, although accompanied by a bullish statement from Mr Sumner Redstone, Viacom chairman, claiming growth would be restored in the second half, was a clear sign that Blockbuster's travails are far from over.

The company blamed the "inferior quality" of home video releases during the quarter and short-term upsets caused by the move of its headquarters from Fort Lauderdale in Florida to Dallas, Texas.

However, Blockbuster is plagued by discounted sales of videos by supermarkets, which offer them as loss-leaders, and general retailers such as Wal-Mart, Mr Fields' former employer.

US music sales are also mired in a cyclical slump which recently prompted Blockbuster to close 50 record outlets and take a $100m charge.

Mr Fields, who ran stores operations at Wal-Mart, said he planned to return to general retailing.

Beijing set to list investment arm on HK exchange

By John Ridding in Hong Kong


Chinese visitors to the Great Wall, sections of which are run by a tourism franchise of the Beijing municipal government's investment arm — Picture: Malcolm Watson

Beijing's municipal government is set to list its investment arm – which holds a tourism franchise to the Great Wall of China - on the Hong Kong stock market next month, in one of the biggest moves by a Chinese city to raise funds from investors.

The planned listing of Beijing Enterprise is expected to herald a flurry of China-linked equity issues on the Hong Kong market ahead of the territory's return to Chinese sovereignty in July.

It comes amid a surge in investor interest in red chips – Hong Kong arms of mainland authorities or enterprises.

Bankers involved in the deal say the listing is expected by the end of May, with a roadshow launched soon. The issue – lead-managed by Peregrine Capital and Morgan Stanley – is expected to raise $150m-$200m, the largest initial public offering by a mainland city.

Beijing Enterprise is expected to include a broad range of businesses, including infrastructure assets, property and tourism. The company partly owns the airport expressway, and has interests in food processing, dairy products and retail. Sales last year are estimated at Yn3.2bn ($385m).

The timing is designed to capitalise on the rise in red-chip share prices and the success of recent listings by municipal authorities. Shanghai Industrial, the investment arm of the Shanghai government, has seen its share price rise fivefold since it was listed in May last year. Shum Yip, the business arm of the Shenzhen city government, has also seen its shares surge after its March listing, which was more than 300 times subscribed.

"Beijing is seeking to take advantage of the mood in the market," said the China analyst at one US investment bank. He cited other mainland-backed companies lining up for listings, including Chukong Shipping, which is backed by the Zhuhai municipal government, and an investment arm of Aviation Industries of China. Investors are attracted by the prospect of asset injections from the red chips' parent companies, their strong mainland connections and their diversified activities.

"Most are conglomerates, which give a broad exposure to the mainland economy," says Mr Jason Cheung, China analyst at Morgan Stanley. They are also seen as less sensitive to interest rate movements than the Hang Seng Index, which has fallen this year.

SmithKline Beecham profits grow 8%

By Daniel Green in London

SmithKline Beecham, the UK's second biggest drugs company, yesterday revealed first-quarter underlying growth above analysts' expectations but warned about the effect on profits of currency movements.

Mr Jan Leschly, chief executive, said sterling's strength was having a "dramatic effect" on the published figures. Pre-tax profit grew 8 per cent to £418m ($677m), but the increase would have been 19 per cent if currencies had remained constant.

The results were welcomed by investors who sent the shares 27p, or 3 per cent higher, to 933p.

"SB is now one of the fastest growing drugs companies in the world," said Mr James Culverwell, pharmaceuticals analyst at Merrill Lynch in London.

Trading profit was £439m, a 16 per cent rise excluding currencies, on a sales increase of 7 per cent. The growth was led by a strong performance from the company's antidepressant drug Paxil/Seroxat. First-quarter sales were up 49 per cent to £197m.

The company's biggest seller, antibiotic Augmentin, benefited from a severe influenza season, especially in North America. Sales rose 29 per cent to £255m.

In consumer healthcare, the company's other main division, sales rose 18 per cent to £549m and trading profit 20 per cent.

In the US, sales rose 40 per cent, helped by nicotine patches and chewing gum, launched last year, and with combined sales of £60m.

Of the smaller operations, SmithKline published, for the first time, separate sales figures for DPS, which manages pharmacy insurance claims in the US.

SmithKline bought DPS two years ago for $2.3bn. In the first quarter of 1997, DPS sales fell 66 per cent to £41m. The company blamed cancelled contracts and a change in billing strategy.

Clinical Laboratories continued to struggle in a competitive market. Though volumes rose 3 per cent, sales fell 2 per cent to £193m, excluding currency effects.

Earnings per share rose 18 per cent to 10.2p. The first-quarter dividend was 4.41p – a conventional dividend of 1.96p and a foreign income dividend of 2.45p.

Lex, Page 14
London Stocks, Page 32

Italian group to make first payout for four years

By Paul Betts in Milan

Montedison, the Italian agro-industrial group which faced near collapse in 1993, is to pay its first dividend for four years.

Although modest, the dividend of L20 for ordinary shares and L150 for savings shares was widely seen as a signal that the group had resolved its problems. Montedison and partner Ferruzzi-Finanziaria were close to bankruptcy four years ago when combined debtstopped L30,000bn ($17bn).

"The dividend was in line with market expectations," said a Milan financial analyst. "Now that the emergency is over, the problem is the future development and strategic direction of the group."

Net profits of Montedison SpA, the parent company, rose from L253bn to L330bn in 1996; in 1993 it made a loss of L1,612bn. Net debt is down from L3,348bn in 1993 to L777bn.

Consolidated group net profit was L298bn last year, compared with L1,070bn in 1995, when the figure was bolstered by a L1,135bn gain from its Montell joint venture with Shell. Consolidated group sales fell from L24,176bn to L23,959bn. Net group operating profits rose from L1,912bn to L1,982bn.

Since 1992, group debts have been halved from L16,503bn to L8,324bn last year.

Compart, formerly Ferruzzi Finanziaria, which controls about 27 per cent of Montedison, also reported yesterday. Its 1996 net group profits rose to L96bn, compared with L11bn in 1995. Group debts have fallen from more than L30,000bn five years ago to L11,178bn.

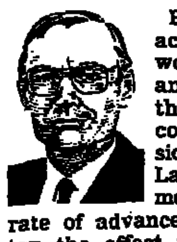
Compart SpA, its parent, reduced losses from L350bn in 1995 to L44bn last year; net debts have fallen from L4,378bn in 1993 to L1,472bn.

The turnround, largely attributed to Mr Enrico Bondi, Montedison and Compart chief executive, has involved extensive rationalisation, asset sales and simplification of the two groups' complex cluster of holding companies.

The target is to eliminate all Montedison's debt by the end of next year and return Compart to breakeven by the end of 1997.

Barry Riley

A reality check for British pension funds



British actuaries are worried about an external threat to UK company pension funds. If a Labour government halves the rate of advance corporation tax the effect would be to reduce the actuarial value of UK equities by 11 per cent. But now there is a quite separate challenge from within the profession.

A theoretical paper* by two actuaries and a financial economist mounts an assault on the belief cherished since the 1970s by the British actuarial profession that equities represent almost ideal investments for defined benefit pension schemes.

The average exposure of British pension funds to global equities has at times during the 1990s topped 80 per cent. These allocations are far higher than in other countries. They are underpinned by a unique and flexible actuarial valuation basis which largely disregards market prices.

But when the paper is presented to the Institute of Actuaries next Monday, the old guard of pensions experts will be told, among much else:

- There is no useful historical correlation between dividends and average employee earnings, so the assumption that equities provide a good match for pension liabilities is fundamentally flawed.
- It is a fantasy that British industry can reduce the cost of its pension liabilities by investing, in effect, in itself.
- The only good long-term hedge for final salary-related liabilities is a good short-term hedge. Market prices must be recognised.
- The current pension scheme valuation basis fails to recognise shareholders' interests. It perversely leads to reduced contributions when cash is plentiful (as now) but might require increased contributions in difficult times.
- Investment strategy should ideally be based upon index-linked gilts and leveraged short-dated gilts, with only a small role for equities. Moreover, the audience will be told that the authors have reluctantly trimmed their high-powered mathematics so as to get their message over to the typical pensions actuary.

The authors say that their purpose is to rescue the defined benefit pension scheme

The authors are Mr Jon Exley of William M. Mercer, Mr Shyam Mehta of Merrill Lynch and Mr Andrew Smith of Bacon & Woodrow. Their purpose, they say, is not to undermine the actuarial establishment but to rescue the defined benefit pension scheme under threat in the UK as companies become more aware of their risks – including those from the minimum funding requirement imposed by the Pensions Act 1995.

In fact, the standard actuarial valuation method – based on valuing future flows of investment income – is a soft target. The conventional assumptions about UK equity returns are debatable, and there appears to be no coherent basis for valuing overseas equities, even though these often amount to 25 per cent of the portfolio. The approach is largely pragmatic, aimed at making sponsors and trustees comfortable with holding high risk, high return assets.

The pragmatism seems to have paid off: the phenomenal growth of dividends has generated huge surpluses. But is it all an illusion? Even the government is getting in on the act by proposing it should privatise the basic state pension. If it discounts the cost of state benefits at the index-linked gilt yield of 3.5 per cent but personal pensions at 4.5 per cent, hey presto, the private version looks cheaper. But this shift, say the authors, does not reflect economic reality.

In preparing this very ambitious paper the trio may have bitten off rather more than they can chew. For instance, their attempt to place pension schemes in the context of modern corporate finance theory seems to underplay the distinction between the sponsoring company and the trustees. Under the new legislation the latter now have clear responsibility for investment policy.

But if Labour indeed seeks to discourage what it sees as excessive UK dividends the actuarial profession may find itself in urgent need of new valuation methodology.

**The Financial Theory of Defined Benefit Pension Schemes. From Institute of Actuaries, 01865 794144.*

COMPANIES AND FINANCE: ASIA-PACIFIC

S Korean liquor group tests new policy of deferring debts to save companies

Banks prepare to rescue Jinro

By John Burton in Seoul

South Korean banks yesterday were preparing to rescue Jinro, the country's largest liquor group, from bankruptcy after it failed to settle Won50.4bn ($56m) of debts that were due this week. Its collapse would have been Korea's third big corporate bankruptcy this year following Hanbo and Sammi, the steel groups.

Jinro will provide the first test of a new policy from Korean banks to save troubled companies by deferring their debts to give them time to recover. Creditors are expected to meet next Monday to reschedule Jinro's debt payments.

Meanwhile, LG Group offered to buy for Won180bn a Seoul bus terminal that Jinro had put up for sale last week to ease its financial burden.

Jinro's difficulties stem from ambitious diversification into construction and retailing.

Trading of Jinro shares on the Seoul bourse was suspended yesterday, along with shares in Chungwon, a synthetic textile company that has been plagued by bankruptcy rumours.

Many Korean companies, including leading industrial groups, have had difficulties recently in servicing their large debts because of an economic slow-down.

Jinro has total debts of Won3,000bn. Its main creditor banks are Commercial Bank of Korea and Seoul Bank.

Korea's main banks have agreed to extend credit to the country's 51 largest business groups, even if they default on loan repayments, provided their operations can be saved.

Banks will be penalised if they call in loans without the permission of a bankruptcy prevention panel established by the Korea Federation of Banks.

The agreement has been opposed by non-bank institutions, such as merchant banks, because it would prevent them from calling in promissory notes from troubled companies to reduce their lending exposure. Promissory notes are usually not backed by collateral, unlike bank loans.

Almost two-thirds of Jinro's total debts are from non-bank financial institutions, including the loans it defaulted on this week.

The bank lending pact has also been criticised by analysts, who said it would delay a needed restructuring of Korean industry.

"This is a retreat from the government's recent decision to allow uncompetitive companies to fail," said Mr Daniel Harwood, analyst with ABN Amro Hoare Govett Asia.

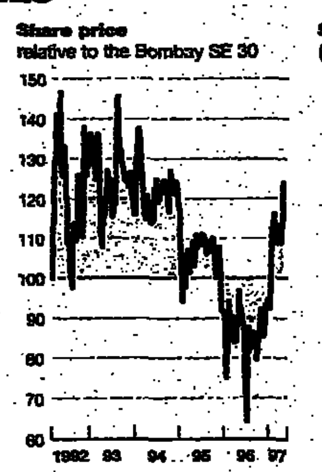
But the banks said they must bail out troubled business groups to prevent the amount of bad loans from increasing, which could raise overseas borrowing rates and make some of the banks technically insolvent.

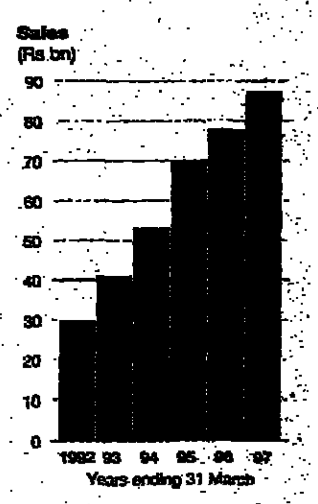
Reliance beats expectations

PROFILE

RELIANCE INDUSTRIES

Market value	US$4.1bn
Main listing	Bombay
Historic P/E	12.5*
Gross yield	1.9%*
Earnings per share	24.5*
Current share price	Rs 308





Managing Director: Dhirubhai Ambani

*Estimates

Source: Reuter, Datastream

By Tony Tassell in Bombay

Reliance Industries, the Indian petrochemicals to textiles group, has reported a better-than-expected net profit for the year to March.

The company, which is controlled by the Ambani family, lifted its net profit in 1996-7 by 1.3 per cent, from Rs13.05bn to Rs13.23bn ($368m). The rise came in spite of expectations that Reliance would report its first fall in net profit for more than 10 years.

Analysts said Reliance's operating performance was in line with forecasts, with sales rising 12 per cent to Rs87.3bn and pre-tax profit increasing 4.8 per cent to Rs13.68bn.

They added that strong volume increases following expansion of Reliance's production levels offset the impact of weaker petrochemical prices during the year.

In an attempt to become a global force in petrochemicals, Reliance is expanding its manufacturing capacity from 1.6m tonnes a year at March 1996 to 6.15m tonnes during 1997-8. Most of the additional capacity, including the company's ethylene cracker project, came on stream in the second half of 1996-7.

However, analysts said tax payments, interest costs and depreciation by Reliance had been much lower than forecast. For the first time since the company listed in 1977, Reliance paid direct corporate tax. This followed the introduction of a 12.9 per cent minimum corporate tax for 1996-7.

The company paid corporate tax of Rs4.5bn for the year – less than had been expected by analysts, as this amounted to an effective rate of 3.3 per cent of pre-tax profit.

However, Reliance said the tax payments had taken into account undisclosed allowances and deductions allowed under the Indian Income Tax Act.

Reliance's share price closed yesterday only 25 paise up at Rs308, although it rose from Rs208 on Monday in anticipation of good results.

The stock has now nearly doubled from its 52-week low of Rs165 amid the capacity increases and attempts by the company to rebuild its image after a series of controversies over the past few years.

These included a complex share-switching deal and the issue of duplicate share certificates by Reliance's registrar. The company has appointed Deloitte Touche Tohmatsu International to advise it on adopting best international practice on accounting standards.

Mr Jal Irani, analyst with Jardine Fleming, said Reliance had managed to rebuild its reputation "to some extent, and this should continue".

Reliance declared a dividend for 1996-97 of Rs6.5, compared with Rs6 in the previous year.

Pacific Ports in strong demand

By Louise Lucas in Hong Kong

Pacific Ports, the ports operating division being spun off from Fairyoung Holdings, a Hong Kong property and infrastructure group, saw its offering 140 times oversubscribed.

The strong demand triggered a re-allocation of shares from the international placing tranche of the HK$618m (US$80m) offering. Now 60m shares, or 30 per cent of the offer, have been made available under the new issue.

The remaining 140m shares have been placed overseas. Additionally, an over-allotment option may be exercised by Peregrine Capital, joint sponsor, under the underwriting agreement.

Before this over-allocation option, the share offer represents 25 per cent of the enlarged share capital of Pacific Ports. Fairyoung Holdings holds 31.94 per cent and the Asian Infrastructure Fund 32.06 per cent. Trading in the stock is due to begin on Friday.

Mr John Chan, chairman of Pacific Ports, welcomed the enthusiastic response to the share issue and stressed the group's intentions to expand its ports network throughout Asia.

Last month the group entered two preliminary agreements with the Wuhan Port Bureau on investments in container and general cargo terminals in Wuhan, Hebei province.

In addition to its existing mainland ports, the company said it was considering other investments in China and in Taiwan, India, North Korea, Indonesia and Vietnam.

"Through our established relationships with various Peoples Republic of China authorities, Pacific Ports has been able to secure port projects in strategic locations in the PRC. We aim to capitalise on our management experience and relations with the PRC authorities to capture other port investment opportunities there," said Mr Chan.

Yieh Loong plans shopping mall

By Laura Tyson in Taipei

Yieh Loong, a Taiwanese steel company, is seeking business partners to build a shopping and entertainment complex projected to cost up to T$60bn (US$2.17bn) in the island's southern city of Kaohsiung. The plan is the latest in a series of projects to capitalise on the spending power of Taiwanese consumers and on rising demand for leisure activities.

The government last year passed a law encouraging companies to apply to build shopping malls, allowing industrial or agricultural land to be redesignated for commercial use. The government and companies affiliated with the ruling Nationalist party are backing some of the projects.

In recent years in Taiwan there has been a shift towards larger retail outlets such as department stores, hypermarkets and chain stores and away from traditional retailers. Many of the successful new outlets are joint ventures with foreign retailers.

Analysts say it is unlikely that all of the planned shopping malls will be built, as some applicants will sell off the property once it has been redesignated for commercial use.

Yieh Loong's planned mall will include shopping arcades, cinemas and hotels. Assuming government approval, expected in 1998, construction begins in 1999.

It is to be built on a 240,000sq ft plot of land north of Kaohsiung, owned jointly by Yieh Loong and the Kaohsiung city government. Half the land would house the mall while the rest would be turned into a park and recreation centre.

Several other Taiwanese companies have large shopping mall projects under way. President Enterprises, Taiwan's biggest foods group, plans to invest more than T$20bn in building a shopping centre in the southern city of Tainan. And the central government is building a T$13bn mall in the northern city of Chungli.

The economic planning ministry has also agreed to lend T$11.9bn to help finance a T$23.96bn private mall in Taipei. This is being built by a consortium led by the Core Pacific Group and including the Singapore government and China Development Corp, an affiliate of the Nationalist party.

Other leading Taiwanese companies, including Taiwan Paper, Shihlin Paper, Wei Wang, a foods group, and Hualon, a textiles concern, have also applied to build shopping malls.

LEGAL NOTICES

No. 001061 of 1997
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
IN THE MATTER of ICELAND GROUP plc
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY given that a Petition was on 10th April 1997 presented to Her Majesty's High Court of Justice for
(a) the sanctioning of a Scheme of Arrangement;
(b) the confirmation of the Reduction of the Share Capital of the above-named Company by cancelling paid up share capital of an aggregate nominal amount of approximately £13,700,000 in accordance with the terms of the said Scheme of Arrangement;
(c) the confirmation of the Reduction of the Share Premium Account from £33,230,136 to £nil; and
(d) the confirmation of the Reduction of the Capital Redemption Reserve Fund from £3,540,000 to £nil

AND NOTICE IS FURTHER given that the said Petition is directed to be heard before the Companies Court Judge at the Royal Courts of Justice, Strand, London WC2A 2LL on 6th May 1997

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said Reductions of the Share Capital, the Share Premium Account and the Capital Redemption Reserve Fund should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned solicitors on payment of the regulated charge for the same.

DATED the 23rd April 1997

Herbert Smith
Exchange House
Primrose Street, London, EC2A 2HS
Solicitors for the above-named Company
(Ref 320)

STEFANEL S.p.A.
Capital Stock: Lire 107,250,300,000 fully-paid
Head Office: Ponte di Piave-Via Postumia, 85 (Treviso), Italy

NOTICE

Stockholders are advised that point 3) ("proposed purchase and disposal of treasury shares") of the agenda published in the Financial Times on April 11, 1997 will not be discussed.

COURT OF ROME - BANKRUPTCY SECTION

Bankruptcy PA.S.C. S.r.l., no. 57606, Official Receiver MARVASI, Administrator Avv. Persichelli, at 12.30 pm on date 07.05.1977 is to sell by auction, real estate located in Genzano (Rome), P.za Sforza Cesarini, Palazzo Sforza Cesarini of approximately 3.555 sq.m. with attached park 92.000 sq.m., described in the official report, in its legal and present state, base price Lit. 5.000,000,000. Real estate subjected to bond of Ministry of Cultural Assets.

Official application to the chancellery by 1 pm of the previous day. Deposit equal to 20% of the price. For information, coadjutor Dott. D'Apollonio, Tel: 0039-6-86215941.

CONTRACTS & TENDERS

THE GOVERNMENT OF THE ARGENTINE REPUBLIC
-Secretariat of Communications-

Privatisation of the concession of the services provided by the Argentine Postal Company

ENCOTESA

ENCOTESA, the Argentine state-owned company that carries out postal, financial and telegraphic services, is holding for a national and international public tender for the concession of its services.

The subject of the tender is a concession for 30 years to operate all the postal, financial and telegraphic services currently provided by ENCOTESA and such other services as it is authorized to provide.

Qualifying bidders must include technical assistance from a postal operator which must be a member of the UPU.

Enquiries regarding the privatisation process and the purchase of the terms of reference should be addressed to

Dr. Arturo Antonio Puricelli
Central Post Office
2 nd. Floor, Presidency Secretary 's Office
(1000) Buenos Aires
Argentina (Phone: 54-1-312-6323. Fax: 54-1-315-1249)

Terms of Reference ("El Pliego") *must be purchased for: $50.000 (fifty thousand Argentine pesos)*; equivalent to US$ 50.000 (US dollars fifty thousand).

The Central Post Office will be open to the public for the sale of the Terms of Reference and related enquiries: As from April 14, 1997, to May 2, 1997.
Monday to Friday, 10:00 a.m. to 5 p.m.
Closing date for submission of Prequalification bids: 20 May 1997 at 3:00 p.m.

Closing date for submission of Financial bids: 28 July 1997 at 3:00 p.m.

Advisors to ENCOTESA:

Coopers & Lybrand

In Buenos Aires:
Messrs. Norberto Aguileiro or Federico Vovard Phone: 54-1-319-4639

In London:
Messrs. John Dowson or Andrew Jordan - Phone: 44-171-213-4823/44-171-213-1073

Weak first-quarter results from RJR Nabisco

By Richard Tomkins in New York

RJR Nabisco, the second biggest US tobacco company, turned in a weak first-quarter performance yesterday amid continuing pressure from its bigger and more successful US rival, Philip Morris.

Net profits rose by less than 8 per cent to $205m after preferred stock dividends, with all of the increase coming from the Nabisco food business while profits from the tobacco business fell.

Earnings per share, boosted by the removal of equity from the market through stock repurchases, rose 9 per cent to 63 cents, in line with analysts' expectations.

Last week it emerged that RJR Nabisco and Philip Morris had started talks with anti-tobacco lawyers about a legislative settlement that would give the tobacco industry immunity from lawsuits.

This would be in return for tougher restrictions on advertising and payments of up to $300bn over the next 25 years.

Yesterday's results illustrated how RJR Nabisco could come off worse than Philip Morris because of its weaker profits and market share.

Philip Morris would be better able to absorb a price increase to pay its share of the $300bn, and its stronger market share would give it an edge if advertising were curbed.

RJR Nabisco's domestic tobacco business made operating profits of $380m in the first quarter, unchanged from the previous year.

Its flagship Camel brand did well, as did Doral, a cut-price brand: but Winston, Salem and its low-margin savings brands saw declines in volume.

In contrast, Philip Morris last week reported that its US market share exceeded 50 per cent in the first quarter, gaining 1.6 percentage points to 50.3 per cent, and operating profits from domestic tobacco surged by 11 per cent to $1.1bn.

RJR Nabisco also suffered problems in its international tobacco division, which saw a 1 per cent fall in operating profits to $195m. The company said export disruption in the former Soviet Union was largely to blame, with uncertainty over taxation policies causing importers to delay purchases.

The poor performance from tobacco was offset by the results from the Nabisco food business, 80 per cent owned by RJR Nabisco but separately quoted.

Nabisco published its figures on Monday, reporting a 21 per cent increase in net income to $64m.

Mr Steven Goldstone, RJR Nabisco chairman and chief executive, said action had been taken to remedy the softness in tobacco volumes, and predicted that 1997 would be a "very good year in terms of earnings growth and business strengthening."

Wireless side fuels advance at Nortel

By Bernard Simon in Toronto

Strong wireless business, especially in the US, helped lift first-quarter earnings at Northern Telecom by 35 per cent.

The Toronto-based telecommunications equipment maker reported net earnings of US$112m, or 41 cents a share, in the three months to March 31, up from $83m, or 32 cents, a year earlier.

Revenues climbed 29 per cent to $3.35bn, and order inflows for the quarter were up 35 per cent to $3.57bn.

The latest figures include $24m in provisions for customer financing. Further such charges are likely this year. Nortel has cash reserves of about $700m.

Analysts had forecast earnings of 35-40 cents a share, according to First Call, an investment research group.

The share of revenues from the wireless business has grown from 13 per cent to 23 per cent in the past year. Mr Jean Monty, chief executive, said "wireless is a booming market".

The first-quarter jump was due partly to a "spike" in US business stemming from a large order from Sprint, the US carrier. But Mr Monty said Nortel was also getting "strong reviews" from customers for a new radio communications system based on GSM digital technology.

According to analysts, some of Nortel's first-quarter gains appear to have come at the expense of Lucent, its main rival.

Mr Monty is due to step down as chief executive in October to take a senior position at BCE, Nortel's Montreal-based parent.

He will be succeeded by Mr John Roth, presently chief operating officer, who has spearheaded Nortel's relatively late drive into the wireless business.

Nortel shares climbed $1.12 to $66.88 at midday in New York yesterday, more than treble their level at about the time Mr Monty took the reins in 1992.

Xerox beats forecasts with $270m in period

By John Authers in New York

Xerox, the US office equipment manufacturer, yesterday announced a 14 per cent increase in profits for the first quarter to $270m, a result that put it sharply ahead of analysts' expectations as it rolls out an aggressive strategy of new product launches.

Earnings per share worked through at 75 cents, up from 65 cents a year ago, topping even the highest forecasts and comfortably ahead of the analysts' consensus of 70 cents.

However, in morning trading the shares rose only $¼ to $57¾.

Mr Peter Enderlin, analyst at Smith Barney, suggested the market may have been disappointed by the revenue figures, which grew by only 5 per cent to $4bn in the quarter.

This figure dropped to 2 per cent once currency fluctuations were taken into account. However, the results appeared to confirm that Xerox's costs were under control.

The group's share price has gradually recovered since its announcement of third-quarter results last October, when a slight fall in profits prompted a 15 per cent drop in the price in one day to a low of $44¾.

Mr Paul Allaire, chief executive, made an optimistic statement, suggesting that the company's new range of digital copiers, which it started to launch last week, several weeks ahead of the original schedule, would help increase revenues throughout the year.

He claimed the new digital copiers were "better in every respect than conventional light lens copiers".

Digital product revenues grew by 18 per cent during the quarter, and now account for 31 per cent of the company's total revenues, in spite of some reluctance by customers to buy existing products ahead of the recent well-publicised launches.

He added: "Although a continued strong dollar will adversely affect our full-year results, we are maintaining our focus on productivity and expense controls in our drive to deliver double-digit earnings growth."

The company is seeking to quit the insurance industry but still has some remaining units of Talegen Holdings to sell.

It said it still expected to complete this disposal, delayed after an original arrangement with Kohlberg Kravis Roberts, the buy-out specialist, collapsed last year.

Paul Allaire: sights set on double-digit earnings growth

Bristol-Myers up despite stiff competition

By Tracy Corrigan, in New York

Bristol-Myers Squibb's first-quarter earnings yesterday showed that sales of its cholesterol-lowering drug Pravachol continue to grow rapidly, in spite of a new rival from Warner-Lambert, which also reported yesterday.

Bristol-Myers reported sales growth of 10 per cent in the first quarter, producing record net income of $810m, up from $736m the previous year. As well as US sales growth of 11 per cent, international sales rose 9 per cent – or 14 per cent, excluding the unfavourable foreign exchange effect.

Sales of Pravachol, now the company's biggest selling product, rose 48 per cent to $374m, as the company predicted that sales of the product will rise by as much as 40 per cent for the year.

This is in spite of the recent introduction of Warner-Lambert's Lipitor, which has already gained about 16.5 per cent of the market.

"The market [for cholesterol-lowering drugs] is growing at 25 per cent annually, so [Pravachol] may lose some market share but still grow," said Mr Hemant Shah, a pharmaceuticals analyst at specialist boutique HKS, noting that the main loser so far has been Merck, which has two cholesterol-lowering agents on the market.

Bristol-Myers shares gained $2¼ to $62¾ around midday, while Warner-Lambert rose $1¼ to $99¾. Both companies reported earnings in line with estimates.

Warner-Lambert reported a fall in first-quarter earnings, excluding exceptional items in the 1996 period. Net income fell to $204m, down from $249.5m a year ago. First-quarter sales declined 3 per cent, and even adjusting for foreign exchange and divestitures, sales grew by just 1 per cent.

However, sales of the two new drugs launched during the first quarter are expected to boost the company's performance in the second half of the year.

"Our financial performance in the first half of 1997 will reflect the considerable investment behind the successful launches of Lipitor and Rezulin," said Mr Melvin Goodes, chairman and chief executive, predicting a double-digit sales gain for the full year. Rezulin is a type II diabetes drug.

American Home Products, also reported results yesterday. AHP's net income of $577m was up from $489m the previous year, although net sales fell due to the sale of a majority interest in the American Home Foods business in November 1996.

US pharmaceuticals sales rose 13 per cent, helped by Redux and Naprelan, introduced in the second quarter of 1996, while international pharmaceutical sales fell 2 per cent, partly because of a 3 per cent negative foreign exchange effect.

Lockheed Martin posts 10% rise in term

By Christopher Parkes in Los Angeles

Lockheed Martin, the leading US defence, aeronautics and technology group, yesterday reported a 10 per cent rise in first-quarter profits, a 31 per cent surge in revenues, and said new contracts were flowing in "at an unprecedented rate".

Mr Norman Augustine, outgoing chief executive, said the 16 per cent rise to $50bn in the group's order book was a direct result of cost reductions and operational efficiencies stemming from consolidation of its acquisitions.

Most of the first-quarter gains were attributable to the integration of Loral's defence electronics and systems operations, purchased last April, the company said in a statement.

Fully-diluted earnings per share of $1.34, compared with $1.22 last time, topped Wall Street's projections by 4 cents. Net income rose 7 per cent, from $272m to $290m, on revenue up from $5.1bn to $6.7bn.

The Loral acquisition contributed most to a 95 per cent rise in electronics sales to $1.74bn, and a 57 per cent increase to $135m in this sector's pre-tax earnings.

Information services, which also benefited from this purchase, reported sales up 68 per cent at $1.65bn, while income before taxes rose 151 per cent to $88m.

The group reported progress in its former core operations, with pre-tax profits from space and strategic missiles up 34 per cent at $309m on sales ahead 8 per cent at $1.9bn. Aeronautics revenues grew 5 per cent and pre-tax earnings rose 18 per cent.

Mr Vance Coffman, president and chief operating officer who takes over as chief executive on August 1, said the growth in new orders had given the company a base for "solid top-line growth in 1997 and beyond".

He highlighted a series of contract gains and business milestones passed in the quarter which underscored Lockheed's widening operational scope. These included a contract with a potential value of $1bn to supply the US postal service with computerised mail handling equipment, combat system orders from the Spanish navy, and a digital imaging system for the federal census bureau.

The group increased deliveries of F-16 fighter aircraft to 33, compared with 12 in the first quarter last year.

New Volvo chief takes the wheel

Johansson has only a few months to impress his latest boardroom colleagues

Mr Leif Johansson is about to put a new slant on the phrase "between jobs". When he takes over today as Volvo's chief executive he will be in the unusual position of simultaneously heading two of Sweden's largest industrial concerns.

Mr Johansson takes the wheel at the Swedish car and truckmaker's annual shareholders' meeting, but it will be next week before he leaves his old job as chief executive at Electrolux, the household appliance maker.

For Mr Johansson, wearing two hats is nothing new. Much of his recent energies have been directed at acquainting himself with Volvo, and he has already formed a solid view of its place in the fiercely competitive international motor industry.

Mr Johansson, aged 45, is replacing Mr Sören Gyll, who since 1993 has supervised Volvo's SKr40bn (£3.2bn) disposals programme aimed at refocusing on core motor operations. With the divestments practically completed, Mr Johansson's task is to grow the main vehicle divisions.

At the flagship car unit, his overriding priority will be to raise profitability, which has been uninspiring over the last five years. Operating margins were a miserly 1.8 per cent in 1996 and the group badly needs to raise volumes above the 370,000 units it sold last year.

Volvo, small by international car industry standards, is a niche player in a market dominated by mass producers. Its success largely hinges on raising production to about 500,000 units to generate the cash flow required for expensive new model development programmes.

The question on Volvo investors' lips is whether Mr Johansson can achieve this. Certainly, his record during six years at Electrolux's helm is mixed.

He successfully concentrated the group on three main business areas, but failed to lift margins to targeted levels – admittedly in tough market conditions.

Mr Johansson pulls no punches over the need for change at Volvo. "Trucks have not performed up to expectations historically and it is an area which will have to be looked at. Cars, too, need to come up from an operating margin point of view," he says.

His prescription is to wean the group off dependence on European and US markets, which accounted for 86 per cent of last year's sales. His vision is of a truly global group, across its vehicle operations.

"Volvo cannot stay only as being a Swedish company. It must dramatically increase its role in markets outside Sweden, Europe and even North America," he says. The company can "do substantially more business in eastern Europe, all of Asia, India and China".


Leif Johansson: has a truly global vision for Volvo

Mr Johansson's record is solid is this area. In the past three years, Electrolux has doubled its sales outside North America and western Europe.

While it will be no easy task repeating this at Volvo, Mr Johansson believes a shift in that direction is vital to offset sluggish growth in traditional markets.

He hints at acquisitions in selected areas and stresses the steps will be "consistent but large".

An "ultimate alliance" on the lines of Volvo's abortive merger with Renault of France in 1993 is not on the cards. Rather, Mr Johansson wants to develop different joint ventures in different product areas.

Mr Johansson professes to be happy with the current product range but believes substantial savings can be made by reducing purchasing and sourcing costs.

His experience of Volvo is limited to a summer job more than 20 years ago when a student on the production line in Gothenburg. But a trained engineer and a former car buff, he sees little difficulty switching from fridges and vacuum cleaners to trucks and cars.

Although closely identified with Sweden's Wallenberg industrial empire, which controls Electrolux, Mr Johansson insists the link is overplayed.

"The Wallenbergs have no ownership at all in Volvo and we have a chairman [Mr Hakan Frisinger] who is not a Wallenberg person but comes from inside," he says. "There are no hidden agendas."

Irrespective of who pulls the strings, it is results which count. And Volvo's board wants swift progress. Mr Frisinger has said he would give Mr Johansson a couple of months to assess the group; then he wants to hear new ideas on strategy.

For Mr Johansson, the clock is already ticking.

Greg McIvor

SAP profits ahead of forecasts

By Sarah Althaus in Frankfurt

The stronger dollar and a number of new contracts helped SAP, the fast-growing German software group, beat market expectations in the first quarter, with pre-tax profits climbing 54 per cent to DM181m ($106m).

Turnover rose 49 per cent to DM1.03bn. Analysts, who had forecast a profits rise of between DM150m and DM165m, welcomed the news, and the shares, which have surged about 40 per cent since the beginning of the year, closed DM2.10 higher at DM295.

However, Mr Dietmar Hopp, chairman, warned that sales growth would be slower for the full year, mainly because of comparisons with last year's strong performance, when a record fourth quarter fuelled a 38 per cent rise in revenues to DM3.7bn. The company was therefore sticking to its forecast of a 25-30 per cent rise in sales for 1997. Growth would be faster if the dollar maintained its strength against the D-Mark.

Mr Marc Rode, analyst at UBS in Frankfurt, agreed that "the first-quarter performance will certainly not be repeated over the rest of the year; things will settle down again".

EUROPEAN NEWS DIGEST

Autoliv advances despite flat market

Autoliv, the Swedish car parts maker which is merging with Morton of the US to form the world's largest car airbag and seat belt supplier, reported a 6 per cent rise in first-quarter profits. Pre-tax earnings rose from SKr300m to SKr316m ($41.3m), in spite of flat car production in Europe – Autoliv's most important market – and declining volumes in other key markets.

Group sales rose 9 per cent from SKr2.98bn to SKr3.3bn, and earnings per share rose from SKr3.50 to SKr3.78. The figures were in line with market forecasts and Autoliv's shares firmed SKr0.50 to SKr290. Mr Paul Charlety, managing director, said the pricing pressure seen in the high-margin airbag segment over the past 12 months would diminish during 1997. Sales of airbags rose from SKr1.57bn to SKr1.7bn. Seat belt sales advanced from SKr1.4bn to SKr1.56bn. The operating margin was 9.3 per cent, against 9.5 per cent.

Full regulatory and shareholder approval had been received for the Morton merger and shares in Autoliv Inc. would be listed early next month in New York and Stockholm, Mr Charlety said. *Greg McIvor, Stockholm*

Wella sales climb in quarter

Wella, the German hair care group, yesterday forecast profits growth for this year of 25 per cent after revealing a 10 per cent rise in first-quarter sales. It reported full-year 1996 net profits of DM78.04m ($45.84m), compared with DM74.15m in 1995. Sales for the year were ahead 8.5 per cent at DM3.83bn. Earnings per share worked out at DM38 compared with DM26 last time. For the quarter, European sales rose 9.1 per cent, with US sales climbing 21.8 per cent and Asia up 11.1 per cent. *Agencies, Darmstadt*

Riunione raises Credito stake

Riunione Adriatica Sicurta, Italy's second largest insurer, yesterday disclosed it had increased its stake in Credito Italiano, the large Milanese privatised bank, from 2.99 per cent to 5 per cent. This makes RAS, which is controlled by Allianz of Germany, Credito Italiano's single largest shareholder, followed by two US investment funds.

RAS also reported a 6.1 per cent increase in parent company net profits for 1996 to L338bn ($200m), and an unchanged dividend of L340 for its ordinary shares and L400 for savings shares. *Paul Betts, Milan*

Drug groups in UK move

By David Owen in Paris and Daniel Green in London

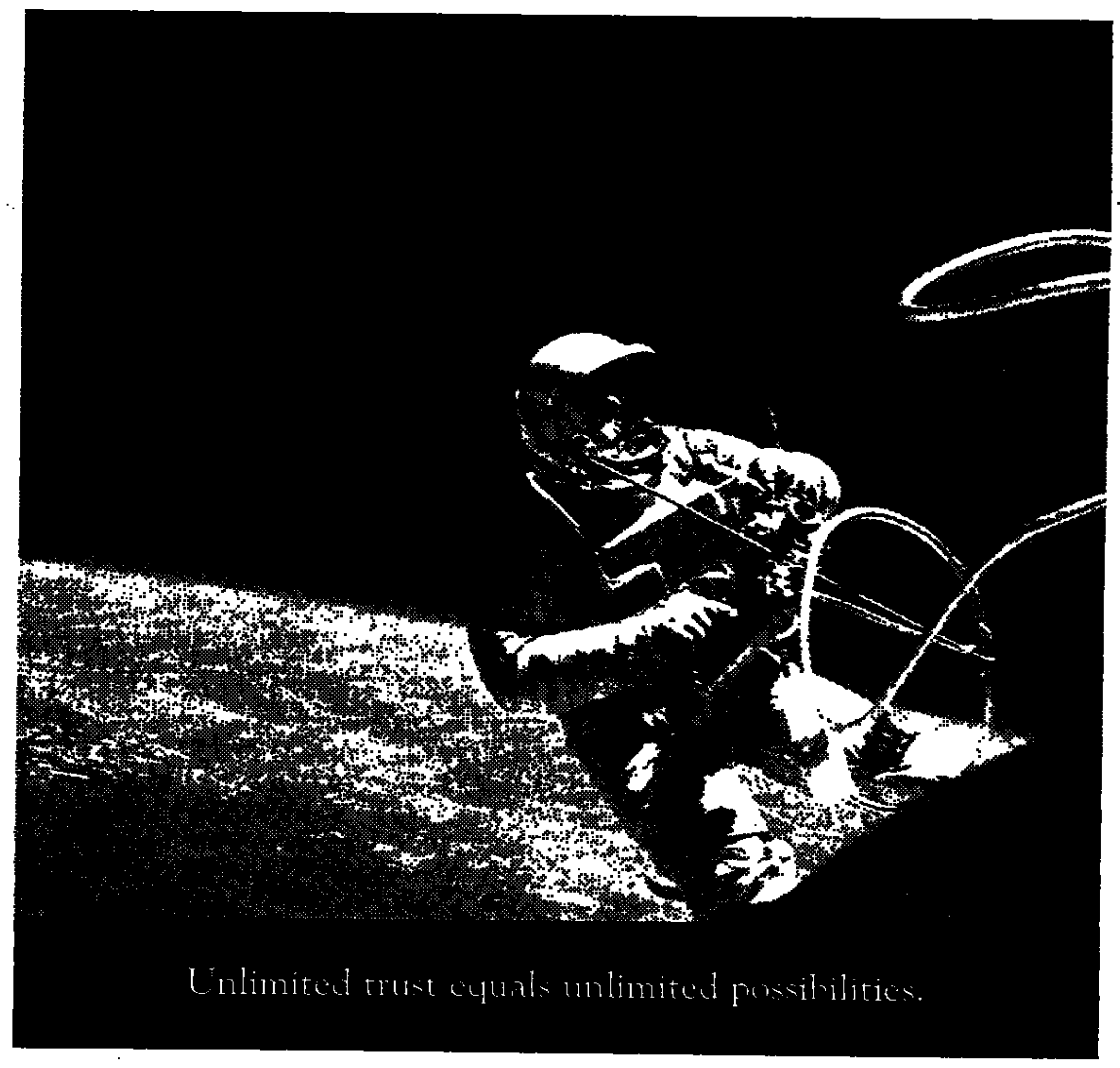
Rhône-Poulenc of France and Merck of the US are to base their animal health joint venture in London, further underlining the UK capital's status as the pharmaceuticals capital of Europe.

The venture, to be known as Merial, will be the world's largest business in this sector with annual sales of $1.7bn. It will bring together the veterinary activities of Rhône Mérieux and Merck AgVet which will also contribute their respective poultry genetics businesses.

Unveiling the deal last December, Mr Igor Landau, managing director at Rhône-Poulenc said the Franco-American venture would have its headquarters "in some neutral country" to avoid accusations of one nationality dominating. It would continue to focus activity in both Lyons and New Jersey.

Pharmacia & Upjohn, the result of a US-Swedish merger in 1995, also decided to put its headquarters in London, as did European Medicines Evaluation Agency which co-ordinates human drug approvals for the European Union. Most US drug companies have their main European operations in the UK.

The deal is one of a series in the animal health segment, as chemicals or pharmaceuticals groups have sought to create large businesses out of a fragmented and regionalised sector.



Nomura returns CWS documents

By Clay Harris and Robert Wright

Nomura International, the Japanese bank, has given back confidential Co-operative Wholesale Society documents which it said it had received from Hambros Bank, financial adviser to Mr Andrew Regan, the businessman planning a bid for the Co-op.

Nomura, which still plans to underwrite up to £1.2bn in debt financing for Mr Regan's Galileo Group if it proceeds with a bid for the retailer, acted after the CWS obtained a court order last week to obtain the return of confidential papers from Mr Regan and other parties.

In the High Court yesterday, Mr Regan and three fellow defendants won an 18-hour extension to a deadline for the filing of affidavits giving details of all information that had been disclosed and the use to which it had been put.

Unsuccessfully opposing the extension to 10am today, Mr Christopher Clarke, for the CWS, told the court: "It doesn't take an honest man four days to comply with this order."

Mr Robin Knowles, for Mr Regan, said his clients needed extra time to comply fully.

The Serious Fraud Office, meanwhile, ruled out an immediate investigation into a £2.4m payment made in 1995 to a Swiss bank account by Hobson, a food company then run by Mr Regan. Solicitors for CWS had met the SFO to draw its attention to the circumstances surrounding the payment. The SFO said: "We are not investigating. We are not going to comment further."

The CWS has focused on this payment as part of its pre-emptive defence. Mr Graham Melmoth, chief executive, yesterday challenged Mr Regan to explain the role of Mr Ronald Zimet in negotiations which led to CWS's agreeing to extend an exclusive supply agreement with Hobson, to which it had previously sold food manufacturing plants.

Although the CWS itself received £2.8m, Hobson paid another £2.4m to the Zurich bank account of Trellis International, a British Virgin Islands company controlled by Mr Zimet. Outlining Mr Zimet's brief role, Mr Melmoth called the payment "extraordinary" and asked Mr Regan: "What did Mr Zimet do to earn £2.4m in three days?"

The CWS was represented in the Hobson negotiations by Mr Allan Green, its senior retail executive, who was suspended last week four days after being filmed in a hotel car park handing papers to Mr Regan and a business partner. Mr Green, also a defendant in the CWS action, yesterday filed his affidavit by the original deadline.

Nomura confirmed to CWS on Monday that it had been provided by Hambros, "on a confidential basis, with a substantial amount of varied information and documents concerning the business of CWS."

On learning of the court order, it had asked Hambros to identify any documents which were covered. These had been returned to Galileo's solicitors.

Retirement homes market shows revival

By Andrew Taylor, Construction Correspondent

The market for retirement homes is flourishing again following its collapse in the early 1990s.

Its revival is even outperforming the general housing recovery according to the country's biggest developer of homes for the elderly.

McCarthy & Stone yesterday reported that pre-tax profits had almost tripled from £2.1m to £6m ($9.7m) in the six months to the end of February. Sales rose by almost a third to £32.1m in the first half, with gross operating margins up from 33 per cent to 39 per cent.

Mr John McCarthy, chairman, said net reservations – agreed sales on which a deposit had been paid – rose by 50 per cent compared with the same period last time.

This compares with increases of about 20 per cent reported by the new housing market generally.

McCarthy's shares have outperformed the building sector by more than 10 per cent over the past 12 months. They rose a further 9½p to 129p on the better than expected results.

However, the company's market value is still 60 per cent lower than a decade ago. This reflects the sharp fall in sales during the recession.

McCarthy in the late 1980s built 2,600 flats a year, accounting for about a quarter of the market for homes for the elderly. Its sales are expected to rise back above 1,000 this year, with the group now accounting for about threequarters of the market following the withdrawal from the sector of rivals like Laing Homes and Wimpey.

McCarthy, which made pre-tax losses of £20m and £11.2m in 1992 and 1993, is forecast by BZW to make pre-tax profits of £15.5m in the current year. This includes a first half exceptional profit of £1.5m from the sales of freehold interest.

John McCarthy: net reservations were ahead 50% Brendan Corr

Halifax windfall payouts to rise

By Christopher Brown-Humes

Windfall payouts to Halifax Building Society members could rise to an average of more than £1,700 after a cut in its membership list to 7.6m people.

The total of qualifying members has been recalculated to show a 400,000 fall since January, giving higher payments in free shares when it converts to a listed bank in a £13bn ($21.06bn) flotation in June.

If the society starts trading at a similar premium to Alliance & Leicester, which made a sparkling stock market debut on Monday, the average windfall could exceed £1,700, against the £1,300 forecast in January.

A&L shares yesterday fell 33p on its second day of trading to close at 533p. But the price was still much higher than predicted last week.

Analysts say A&L's performance and the valuation of other retail banks, including Abbey National, means the Halifax could be valued at £13bn-£14bn when it makes its stock market debut on June 2.

Lehman Brothers is even more optimistic, suggesting the Halifax could achieve a £14.7bn market capitalisation, based on a comparison with A&L.

Halifax said its membership had fallen because of people switching mortgages and not having the minimum qualifying savings in their accounts on key dates. It added that some members had died and other accounts were found to have been duplicated.

Mr David Walkden, who has overseen Halifax's conversion to a bank, said: "There's no accounting for human behaviour. Despite our best efforts to give people as much information as possible, some people have inadvertently closed their accounts and lost [membership] continuity."

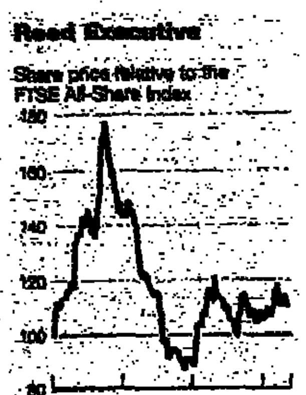
Analysts expect the shares to open at between 500p and 550p, against the 390p to 450p valuation range indicated in January.

A&L said the average price achieved in a second auction of its shares to institutions on Monday night was 551p, against 522p in the first auction last Friday. These are shares sold on behalf of A&L members who wanted to sell immediately. One bidder bought 8.6m shares - or 1.5 per cent of the new bank - at 568p.

A third auction took place last night. The 600,000 A&L members who sold immediately will learn today the average price for all three auctions today, giving them a windfall of more than £1,300.

LEX COMMENT

Unlisted shares



If governments create contorted tax structures, they can hardly complain if people contort themselves in response. A classic case is Reed Executive's plan to allow its shareholders to convert into unlisted shares. The recruitment group is responding perfectly rationally to an inheritance tax loophole which gives 100 per cent tax relief for unlisted shares, even in listed companies. For the Reed family which holds two-thirds of the shares – and indeed any other well-off individual shareholder – holding unlisted shares instead, coupled with a right to convert them back, makes powerful financial sense. And provided there is cast-iron protection in the company's articles guaranteeing identical treatment of listed and unlisted shares, it is no skin off other shareholders' noses.

The same cannot be said, of course, of the Inland Revenue. The wheeze may particularly suit Reed because of the family holding, but in principle any listed company could offer a similar arrangement. Even the possibility is enough to set alarm bells ringing in Somerset House.

Why, the Revenue will surely be prompted to ask, should unlisted shares be peculiarly tax-privileged assets? The Reed plan merely underlines the oddity of a relief whose justification already looked more political than convincing. And a new Labour government would have every temptation to suspend an arrangement which particularly suits Tory voters. Not least thanks to Reed, its days look numbered.

Reed Executive to delist some shares to avoid tax

By Jane Martinson

Mr Alec Reed said yesterday that he had decided to delist some of the shares in Reed Executive, the recruitment company he founded, in order to ensure his family's continued ownership.

At the same time, the 63-year-old chairman spoke of his regrets at floating the company in 1971. "We should not have gone public," he said. "It was a big mistake, because it hasn't ever added any value." The Reed family owns 66 per cent of the company.

The decision to delist shares has been taken in order to avoid inheritance tax. Mr Reed's three children, one of whom has recently been appointed chief executive of the company, would have faced a tax charge of some 40 per cent in the event of Mr Reed's death.

"This is all about control," said Mr Reed yesterday. "We don't want to lose the company." If his son, James, had not wanted to be chief executive Mr Reed would have sold the company, he said.

The family cannot afford to buy the remaining 34 per cent of the company and would have been forced to sell some of the shares in order to pay the tax bill.

While the company had raised working capital from the flotation proceeds 26 years ago, there had been few benefits since, he said. "There is also more and more control. More and more Greenburys and Cadburys. When I started, our annual accounts were wafer thin. They get thicker and thicker every year. We haven't had any benefit from it at all really."

Mr Reed said the decision would not harm the few institutional shareholders or the 900 private investors. "This won't hurt anybody except the Inland Revenue," he said. AdEcco, Europe's largest temporary employment concern, has a 6 per cent stake in the company.

Mr Reed said the current rules on inheritance tax and shares were unfair, as private companies and those on Aim are not affected by the rules on inheritance tax.

A handful of other public companies with large family holdings have delisted a proportion of their shares since the inheritance tax rules were changed a year ago.

Reed shares fell 3p to 153½p yesterday.

A circular about the proposals will be sent to shareholders before a vote is taken at the May AGM.

Scottish Power to list in US

By Simon Holberton

Scottish Power, the Glasgow-based utility, is planning to list its shares on the New York Stock Exchange.

The company hopes the move will increase US investor interest in the multi-utility that owns generation, distribution and water assets in England, Wales and Scotland.

It currently offers US investors unlisted American depository receipts (ADRs) which are illiquid. US investors currently account for about 8 per cent of the company's share register.

By listing the ADRs, Scottish Power hopes to increase the available pool of potential investors. This could increase the market rating for its shares.

Scottish Power hopes the necessary formalities can be completed by the autumn.

St Ives offsets dull book market

By Christopher Price

Lower paper prices and firm demand from the advertising industry helped St Ives, the printing group, offset a dull book market and report a 20 per cent rise in half-year pre-tax profits.

The £23.5m ($38.1m) profits were struck on sales up 11 per cent at £183.3m. A decline in prices year-on-year meant paper accounted for 19 per cent of turnover, compared with 23 per cent in 1995-96.

The strongest demand came from the direct response market. Larger customers in particular increased their orders, with government departments prominent.

St Ives has acquired two overseas direct response printers in the past 18 months and Mr Miles Emley, chairman, said both had integrated well.

John Druck, the German subsidiary purchased in September 1995, had operated close to full capacity with a new press due to be installed for further expansion. A Swedish insert printer, acquired six months ago, was also performing to expectations.

The rest of the group's markets were mixed. The UK book business was stagnant, which Mr Emley attributed to the lingering effects of the ending of the net book agreement. Bible revenues, which account for 2 per cent of sales, chiefly abroad, were hit by the strength of sterling.

Strong demand for magazine printing and increased pagination were offset by competitive conditions which weakened margins.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Cosalt	6 mths to Mar 2	44.7	(36.1)	1.65	(1.11)	8.72	(6.18)	4.1	Aug 29	3.6	-	9.8
DFS Furniture	6 mths to Jan 25	126.3	(87.7)	18.7	(15.1)	11.84	(9.59)	3.9	June 19	3.1	-	10◆
Dickie (James)	6 mths to Feb 28	19.8	(17.2)	0.621	(0.99)	4.27	(8.34)	2.31	June 4	2.2	-	6.05
Ferraris	6 mths to Feb 28	10.3	(8.35)	0.626	(0.488)	3.9†	(3.3)	1.2	July 30	1.05	-	2.8
Fishers Intl	Yr to Dec 31	36.7	(24)	1.93	(0.87)	1.38†	(0.63)	0.34	July 7	0.2	0.5	0.32
Forminster	9 mths to Jan 31☆	19.4	(22)	1.25♠	(0.521L♠)	4.48	(8.77L)	0.7	July 3	-	1.92	1.17
Innovative Tech	Yr to Dec 31	1.44	(0.187)	3.99L	(2.7L)	13.12L†	(11.16L)	-	-	-	-	-
McCarthy & Stone	6 mths to Feb 28	32.1	(24.2)	6♥	(2.1♥)	3.2	(0.8)	0.66	July 1	0.55	-	2.3
MSB Intl	Yr to Jan 31	69.8	(38.6)	5.43♠	(3.42)	17.6	(12)	4	May 30	-	6	-
Network Tech Φ	6 mths to Mar 31	-	(-)	-	(-)	-	(-)	0.5	July 2	-	-	0.5
Orb Estates ★	6 mths to Dec 31	1.39	(2.18)	0.361L♠	(3.21L♠)	5L	(48.3L)	nil	-	nil	-	nil
St Ives	6 mths to Jan 31	183.3	(165.7)	23.5	(19.6)	15.79	(13.37)	3.4	June 2	2.9	-	10
SmithKline Beecham	3 mths to Mar 31	1,838	(1,674)	418	(387)	10.2	(9.5)	4.41‡	July 15	4	-	17.85

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Guinness Flight VCT	54 wks to Feb 28	95.25	(95.05)	0.226	(-)	2.42	(-)	1.1	June 3	-	1.9	-
M&G Equity	Period to Mar 31	71.19	(-)	1.08	(-)	4.51	(-)	0.88	June 20	-	-	-

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ◆Excludes 10p special. ★Comparatives restated. ‡Payments include foreign income dividend element. ΦAim stock. ☆Comparatives for 12 months to April 30.

Softbank spree has investors in a jitter

The software group's acquisitions have produced healthy results, but some doubt whether the success can be continued

Mr Masayoshi Son, president and founder of Softbank, is a man who thinks big.

His vision for the Japanese software distribution and publishing company covers a span of 300 years. Under his leadership, Softbank has invested in or acquired 60 companies in the Internet business and plans to add another 40 this year.

So far, his grand vision has been accompanied by impressive results. Softbank's latest financial results, to be unveiled tomorrow, are expected to show that in the past seven years consolidated sales have increased nearly ninefold to Y340bn ($2.71bn) and that pre-tax profits are 18 times higher at Y26.5bn.

However, the speed at which Softbank has grown has unnerved many investors, and its aggressive growth-by-acquisition strategy has appeared reckless to Japan's staid business community.

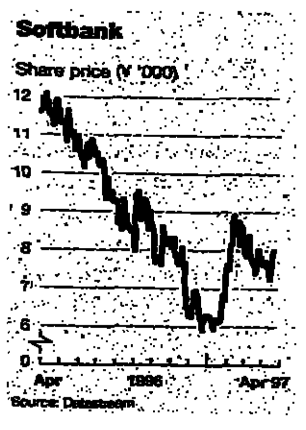
Acquisitions over the past three years alone – including Interface Corp's exhibitions business for Y800m in 1995, Ziff-Davis Publishing for $2.1bn and 80 per cent of Kingston Technology for Y162bn last year – have totalled more than Y3,200bn. Its investment in JSkyB, a digital satellite broadcasting service it started with News Corporation this year, is expected to be several hundred billion yen.

"Softbank group's operations are becoming more unpredictable," Mr Minoru Tayama, industry analyst at HSBC James Capel, said in the midst of its acquisition spree.

But, for Mr Son, this is just the beginning of a strategy spanning more than a lifetime – one that is supported by the expansion of the digital information industry.

"Softbank is still at the first of 10 stages of its development towards a provider of the best digital information infrastructure in the fastest possible way, at the most appropriate cost and the most accessible manner," he says.

The computer is developing at a tremendous speed and the world is approaching a point when the computer will surpass man in terms of intelligence, Mr Son believes.



"There is a tremendous business opportunity in that fact. We have to move at the speed at which the digital industry is moving," he says.

Mr Son makes clear that the Softbank's growth will continue unabated, although the company has said it would refrain from large investments for a while and concentrate on building up JSkyB.

"Japan is an agricultural society that accepts only the fruit of what has been planted from seed. But in revolutionary times that is too slow. You have to be like a hunting society, with a grand strategy, speed and vision. Otherwise you get left behind," he says.

In order to finance his acquisitions, Mr Son has turned to the capital markets rather than to Japanese banks, which are reluctant to extend loans without collateral and have become increasingly suspicious of aggressive M&A activity. Of estimated debt of Y280bn, Y220bn comprises straight bonds, says Mr Ryosuke Osakake, analyst at Nikko Research Center in Tokyo.

> 'You have to be like a hunting society, with a grand strategy, speed and vision. Otherwise you get left behind'

Although jitters about the company's acquisitions have hurt the share price – which, after taking account of a stock split, is now 36 per cent below its peak – Mr Osakake believes the purchases have strengthened the group's financial situation by providing sufficient cash flow to leave the group with a surplus even after interest payments.

By issuing bonds in Japan – where interest rates are at a historic low and price earnings ratios tend to be very high – and investing in the US – where interest rates are high – in companies with low p/e ratios, Softbank is able to arbitrage between the differences in interest rates and p/e ratios, he says.

Mr Son adds that through the acquisition of assets in US dollars with funds raised in Japan, Softbank has achieved hidden assets of $1bn as the dollar has strengthened.

More importantly, he says, Softbank's acquisition spree is supported by a strategy of investing in companies that are leaders in their fields and provide synergies.

For example, Softbank introduced Comdex, the computer exhibition which has been a huge success in the US, to Japan this year. The exhibition received twice the number of participants expected.

Mr Osakake says Softbank's acquisitions of US companies rich in cash flow and sales of high-margin products made by US subsidiaries could compensate for a slowdown in Japan, where increased competition has hurt margins in software sales.

The consensus is that Softbank has so far benefited from its US acquisitions, but there is less certainty about whether its good fortunes will continue. The start-up costs of JSkyB are expected to weigh heavily on the group at a time when the US computer industry may be peaking and the yen is expected to strengthen against the dollar in the long run. A rapid rise of the yen could hit Softbank by depressing US profits.

To such concerns, Mr Son responds with characteristic aplomb. "I do not consider it important to judge matters on the basis of what others think," he says. "I have a 300-year plan to ensure that the company is a solid one even after I am gone."

Michiyo Nakamoto

Reuter

Masayoshi Son: 'I do not consider it important to judge matters on the basis of what others think'

Thai finance sector hit by bad debts

By William Barnes in Bangkok

Results from Thailand's financial sector continued to unveil the aftermath to years of over-optimistic lending before last year's abrupt economic slowdown.

Commercial banks – with the exception of Bangkok Bank of Commerce – appeared to be in better health than finance houses.

Thai Farmers Bank, the country's third-biggest bank, said its unaudited profits fell 11.6 per cent in the first quarter of 1997 to Bt2.65bn ($101.6m). This outcome was less than expected by analysts who had predicted it would earn Bt12.86bn this full year. Yesterday's profits account for just a fifth of that.

Thai Farmers has been one of the leaders in taking heavy provisions for bad and rapidly souring debts.

Siam Commercial Bank, the fourth largest commercial lender, said profits rose 9.3 per cent to Bt2.23bn in the first quarter. This is in line with expectations of a full-year net profit of Bt9.74bn, although the bank warned that these unaudited figures may be subject to revision.

First-quarter results at Thai Military Bank were below analysts' expectations at Bt790.8m, compared with Bt1.03bn a year ago. Siam City Bank, however, recorded a 2.3 per cent rise in net profits to Bt778.3m.

Observers said there was a chance that results would improve after the first quarter.

This is because factors affecting the first quarter might not be repeated, such as tough new provisions for bad debts as demanded by the Bank of Thailand and high interbank rates that squeezed profits.

Analysts cautioned that until more details of the results became available it was not easy to distinguish between real difficulty and sensible planning.

Bangkok Bank of Commerce reported an unaudited first-quarter loss of Bt1.27bn compared with profits of Bt28.5bn last year. The mid-sized commercial bank was brought to its knees after bad debts of up to $2bn last year followed a massive loans scam.

The quasi-official Industrial Finance Corporation of Thailand recently agreed to take over the bank's management but there is the threat that Bangkok Bank of Commerce will be delisted from the exchange since its once high-flying share price has dropped below its Bt10 par value.

Meanwhile Securities One, the Thai broker, said it was selling First Asia Securities to a group led by Malaysia's Amsteel Capital Holdings.

The final pricing of the deal is expected to be completed by the end of June after further negotiations and due diligence.

Kao maintains growth

By William Dawkins in Tokyo

Strong demand for a pad that cleans nose pores helped Kao, Japan's top producer of household products, to report a rise in recurring profits for the 16th year in a row.

Kao yesterday reported a 12.5 per cent increase in net consolidated income to Y27.5bn ($219m). Sales were 7.9 per cent higher at Y901.4bn in the year to March.

Kao forecast further growth in the current year. It expects net profits to rise 7.3 per cent to Y29.5bn on a 5.4 per cent increase in sales to Y950bn.

Mr Shotaro Watanabe, vice-president, yesterday singled out the success of Bio Pore Pack, which proved popular among young women. It led a 5.3 per cent increase in sales at the cosmetics division to Y241.7bn.

Kao's largest division, laundry and cleaning products,. experienced slower growth, up 1.2 per cent to an unconsolidated Y271.2bn.

Overall, sales of household products – which include cosmetics and laundry products – rose 2.9 per cent to Y600.7bn, in a domestic market which shrank for the third year in a row.

The parent company's total consolidated sales were Y696.2bn, up 3.3 per cent.

Kao also sells chemical products, which experienced strong demand, partly helped by a rise in exports on the back of a weak yen. Chemical products' sales rose 5.9 per cent to Y95.5bn.

The company will be paying a Y14 a share dividend for the full year, up 12 per cent on last year and more than three times covered by earnings of Y46.67 a share. Earnings rose 3.3 per cent on the previous year.

INTERNATIONAL CAPITAL MARKETS

Election announcement lifts OATs

GOVERNMENT BONDS

By Michael Lindemann in London and Tracy Corrigan in New York

Most European bond markets headed upwards yesterday as investors bought back into French OATs following news of the snap election in France.

Analysts said the market was still undecided about the outcome of the election, given the lack of opinion polls, but after days of speculation the decision had helped improve sentiment.

"The markets were sold on the pure uncertainty of what was going to happen," said Mr Graham McDevitt, bond strategist at Paribas Capital Markets. "The fact that the uncertainty has been removed helped the markets recover but the situation is still fragile."

The June notional future rose as high as 128.56 but closed at 128.42, up 0.14 on the day.

Bunds were helped higher by lower than expected German inflation data. Investors also drifted back to bunds because of uncertainty about France and the fate of the Italian mini-budget, according to Mr Stephen Hannah, head of research at IBJ International.

Consumer price data from North Rhine-Westphalia, Germany's most populous state, showed a 0.1 per cent decline in April bringing the year-on-year rate to 1.6 per cent, down from 1.8 per cent in March.

Otherwise, investors were focused on the new July 2007 bund, DM10bn of which is being auctioned today. Mr McDevitt said demand for the bund was likely to be high because a strips programme for it will be launched in July and its spread over the January 2007 bund was likely to tighten from 3.8 basis points to nearer 3 basis points.

In London, the June bund future touched 100.73 before closing at 100.68, up 0.22.

Worries about EMU again took Italian BTPs lower initially. They recovered somewhat later when April consumer price data from the last five Italian cities to report showed annualised inflation of 1.6 per cent, below the expected 1.8 per cent. In spite of the inflation data and a slightly higher lira/D-Mark exchange rate, the Bank of Italy held off an interest rate cut. In London the June BTP future closed at 127.34, down 0.5.

Gilts ended the day down 1/32 at 109 9/32. However, analysts said the market was jittery towards the end of business on rumours that an ICM opinion poll in the Guardian newspaper showed the Labour party's lead over the Conservatives falling to 8 per cent from 15 per cent in the last poll.

Mr Andrew Roberts, gilts analyst at UBS, suggested today's auction of the 7 per cent gilts due 2002 could meet a lacklustre reception. "The lack of turnover in the gilts market suggests there is not going to be any enthusiasm," he said.

US Treasuries were flat to slightly higher in morning trading in New York, ahead of the Treasury's $17bn auction of two-year notes, slightly less than last month's sale.

This, followed by Wednesday's $12.5bn of five-year paper, is likely to provide a focus for trading activity this week, given the lack of market-driving economic indicators and the gap before the next Federal Open Market Committee meeting.

An auction of $13.75bn in one-year bills is expected on Thursday. The sales are expected to go smoothly, "given current elevated real yields and with few thinking the dust has settled yet in stocks," according to Mr David Munro of High Frequency Economics.

Just before midday in New York, the long bond was up 1/32 at 94 31/32 to yield 7.077 per cent, while the 10-year was 1/16 higher at 102¼ to yield 6.831 per cent. Two-year notes were unchanged ahead of the auction at 99 31/32 to yield 6.42 per cent.

Liffe lines up for the battle of the Bobl

Liffe's decision, announced last week, to launch futures and options contracts on medium-term German government bonds, or Bobls, could increase competition in this market segment to unbearable levels.

Similar products already exist on DTB, the derivatives exchange of the Deutsche Börse, and Matif, the French futures and options exchange, will start listing its own Bobl products next month.

"Increased competition is part of the world we are now living in," said Mr Mark Fox, chief European strategist at Lehman Brothers in London.

The market for derivatives exchanges in Europe is set to shrink in coming years, as bond and money markets of countries participating in economic and monetary union converge.

"It will be a war of attrition," Mr Fox predicted.

History has shown that in derivatives markets it has been very difficult for latecomers to overtake an existing, well established, product – let alone two products. However, all three exchanges are optimistic.

The DTB, which lists the only existing liquid product, has a head start. This year almost 100,000 Bobl futures a day have been traded on its electronic trading system, making it the third most liquid bond contract after Liffe's bund future and Matif's notional.

Matif is relying on its expertise in options trading, where liquidity is created by a market making scheme, while Liffe is hoping its dominance of other German interest rate products will attract Bobl traders.

"We believe we have won the battle for European dominance of short-term contracts post-1999," said Mr Daniel Hodson, Liffe chief executive, referring to its futures on three-month D-Mark interest rates, Europe's most liquid money market product. Liffe's bund future is also Europe's most liquid long-term bond contract, with almost 200,000 lots exchanged daily.

Lehman's Mr Fox believes this to be a significant factor in Liffe's favour. "Dealers prefer doing all their business on one exchange," he said. "So if they are already trading their bunds and euromark on Liffe, they will happily do their Bobl business there as well."

Liffe has also pinned its hopes on a scheme to guarantee liquidity. Two brokers will become "designated market-makers", committing themselves to buying and selling large quantities of Bobl derivatives at competitive prices. All members can apply, but Liffe will choose the two – one for futures and one for options – offering the best terms.

SBC Warburg, the investment banking arm of Swiss Bank Corporation, has already met Liffe's liquidity criteria for both futures and options. It is set to become the first designated market maker when the contracts are launched in September or October, unless another Liffe member offers better terms.

The scheme can be scrapped by Liffe when it is satisfied the contracts have achieved an adequate level of liquidity.

Samer Iskandar

Pakistan plans return to eurobond sector

INTERNATIONAL BONDS

By Edward Luce and Richard Lapper

Pakistan is to return to the international bond markets for the first time since Ms Benazir Bhutto was removed from office last October.

ANZ, sole lead manager of the eurobond, said that the issue would be a minimum of $100m but probably much higher. Pakistan, which has a credit rating of B2, last issued a eurobond in June 1995.

"The International Monetary Fund has given a strong vote of confidence to the new government [headed by Mr Nawaz Sharif] so we expect strong investor interest," said one syndicate official.

Traders said that the deal would be priced at around 400 basis points over US Treasuries. The roadshow starts on May 5.

ANZ is also to lead manage Calcutta Electric's first foray into the international debt markets for a planned $70m floating-rate issue.

Syndicate officials said the company had a monopoly on the city's electricity supply and distribution until 2020.

This, and the fact that it has the right to raise annual electricity tariffs by more than the rate of inflation, would impress investors.

"Calcutta Electric's ability to repay debt is second to none in India," said an official.

Pricing is expected to be between 140 basis points and 160 basis points over dollar floating rates. The roadshow kicks off in London today.

Caisse Centrale Desjardin du Quebec raised a few eyebrows with the first Canadian dollar floating-rate issue since 1994.

The five-year C$300m bond, which was lead-managed by BZW, was aimed at Canadian dollar holdings in Europe, said a syndicate official.

The offering was priced at 10 basis points over Canada's three-month floating-rate index.

"There's no real benchmark for an issue as rare as this," said a syndicate official. "But we did a lot of work with investors to establish there was enough Canadian liquidity out there."

Meanwhile, in the sterling sector, UK investment institutions yesterday provided the demand to ensure the successful launch of a £125m perpetual bond issue by SPI Finance, the financing subsidiary of Scottish Provident, the mutually-owned life insurance company.

The bonds, which count as capital for regulatory purposes, offer investors a spread of 110 basis points over 10-year gilts for the first 10 years of their life.

The issuer can then retire the debt through a call option. However if this option is not exercised the spread then increases – or "steps up" – to 210 basis points over what will then be the five-year benchmark.

A syndicate manager at Merrill Lynch, which led the issue, said the spread had tightened when the bonds were freed to trade to 108 basis points.

Three similar perpetual step-up issues launched last year by other life insurers – NPI, Friends Provident and Scottish Life – have all performed well in the secondary market. Issued at spreads of 135 and 140 over the respective gilt, they are currently trading at about 100 basis points over.

Swiss and Benelux retail investors were treated to another wave of zero-coupon South African rand offerings yesterday, including the first 15-year deal in that currency.

Lead-managed by J.P. Morgan, the World Bank's 15-year offering completed the yield curve for the zero-coupon rand market.

Syndicate officials said that the bonds, which were offered at 13.58 per cent of face value, were reported to be popular with the proverbial Belgian dentist.

"The appetite for emerging market debt is still pretty subdued at the moment, with the notable exception of zero-coupon rand bonds," said one syndicate manager.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Bayerische Vereinsbank	200	6.75	99.871R	May 2000	0.188R	+10(5⅞%-00)	Salomon Brothers Intl
Rabobank Australia (a)	150	3.25	88.827R	Feb 2001	0.225R	+2(5⅞%-00)	UBS
D-MARKS							
Allgemeine Hypotheken(b)	500	5.25	97.17R	Feb 2005	32.295R	+11(7¾%-05)	Commer/Deut/Dres/HSBC
DSL Finance NV (s)	250	5.25	99.998R	Sep 2003	0.275R	+5(6%-03)	ABN-Amro Hoare Govett
STERLING							
SPI Finance (c)	125	8.75	99.182R	Perpetual	0.625R	+110(7½%-06)	Merrill Lynch Intl
CANADIAN DOLLARS							
Caisse Centrale Desjardin(l)‡	300	(d)	99.894R	May 2002	0.188R	-	BZW
NEW ZEALAND DOLLARS							
Rabobank Australia	100	8.00	100.99	May 2000	1.375	-	Toronto Dom/Rabobank
RAND							
World Bank	1bn	zero	13.58R	May 2012	0.20R	-	JP Morgan Securities
SBC Jersey Branch	150	15.63	99.955R	May 1998	0.125R	-	SBC Warburg
Swedish Export Credit	2bn	zero	7.043	May 2017	0.50	-	Hambros Bank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) Increase of $150m bond launched 16/1/97. b) Original launched 14/2/97, size now DM2bn. c) Call at par after 10 yrs when coupon steps up. Reset every 5 yrs higher than prev coupon or 210bp over 5yr gilt. d) C$ BAS+1/16%. i) Over interpolated yield. l) Long 1st coupon. s) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	92.8750	+0.317	7.82	7.94	7.82
Austria		5.750	04/07	98.9700	+0.210	5.89	5.86	5.64
Belgium		6.250	03/07	101.8600	+0.170	5.99	5.94	5.74
Canada *		7.000	12/06	101.8200	-0.380	6.74	6.80	6.48
Denmark		8.000	03/06	109.2000	-	6.60	6.58	6.30
France	BTAN	4.750	03/02	102.5077	+0.121	4.87	4.76	4.57
	OAT	5.500	04/07	97.7600	+0.140	5.80	5.69	5.48
Germany Bund		6.000	01/07	100.9700	+0.190	5.86	5.82	5.66
Ireland		8.000	08/06	108.3100	+0.090	6.76	6.68	6.60
Italy		6.750	02/07	94.7500	+0.040	7.52†	7.40	7.35
Japan	No 143	6.300	09/01	120.3040	-	1.42	1.43	1.31
	No 182	3.000	09/05	106.2505	+0.189	2.13	2.17	2.32
Netherlands		5.750	02/07	99.8400	+0.040	5.77	5.73	5.43
Portugal		9.500	02/06	117.2100	-0.160	6.84	6.73	6.82
Spain		7.350	03/07	102.7400	+0.060	6.95	6.79	6.90
Sweden		8.000	08/07	104.6743	-0.590	7.33	7.12	6.86
UK Gilts		7.000	06/02	98-24	-3/32	7.30	7.22	6.80
		7.250	12/07	97-19	-2/32	7.58	7.53	7.26
		9.000	10/08	110-00	-4/32	7.68	7.62	7.35
US Treasury *		6.250	02/07	95-21	-5/32	6.86	6.88	6.60
		6.625	02/27	94-11	-5/32	7.08	7.09	6.86
ECU (French Govt)		7.000	04/06	105.0600	+0.020	6.25	6.06	5.98

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest / Treasury Bills and Bond Yields

		One month	-	Two year	6.46
Prime rate	8½	Two month	-	Three year	6.60
Broker loan rate	7¼	Three month	5.34	Five year	6.77
Fed.funds	5½	Six month	5.61	10-year	6.88
Fed.funds at intervention	-	One year	5.94	30-year	7.09

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	128.28	128.42	+0.14	128.54	128.20	126,531	164,348
Sep	126.72	126.88	+0.16	125.92	126.68	2,451	5,853
Dec	96.28	96.42	+0.14	96.42	96.28	2	-

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS May	CALLS Jun	CALLS Sep	PUTS May	PUTS Jun	PUTS Sep
127	1.44	1.83	1.51	0.02	0.42	1.63
128	0.52	1.13	1.04	0.10	0.71	2.14
129	0.06	0.59	0.67	0.64	1.16	2.77
130	0.02	0.27	0.41	1.60	1.84	-
131	-	0.09	0.25	2.56	2.67	-

Est. vol. total, Calls 23,820 Puts 21,216. Previous day's open int., Calls 136,089 Puts 157,351.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	100.39	100.68	+0.22	100.73	100.35	176816	263119
Sep	99.43	99.61	+0.17	99.59	99.34	16797	7585

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
10050	0.23	0.74	0.52	0.86	0.05	0.56	1.41	1.75
10100	0.01	0.48	0.36	0.66	0.33	0.80	1.75	2.05
10150	0	0.29	0.24	0.50	0.82	1.11	2.13	2.39

Est. vol. total, Calls 15380 Puts 26117. Previous day's open int., Calls 242940 Puts 284293

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	127.35	127.34	-0.05	127.55	126.73	66942	106290
Sep	127.35	127.48	+0.04	127.48	126.90	165	4827

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
12700	1.37	2.65	1.03	2.17
12750	1.10	2.34	1.26	2.36
12800	0.86	2.07	1.52	2.59

Est. vol. total, Calls 2892 Puts 3127. Previous day's open int., Calls 110035 Puts 125536

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	112.80	112.89	+0.15	112.93	112.25	101,168	62,884
Sep	-	112.03	+0.15	-	-	-	3

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	109-14	109-13	-0-01	109-18	109-07	35009	170119
Sep	109-06	109-08	-0-01	109-06	109-06	13	2714

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
109	0-29	1-13	1-32	2-02	0-03	0-51	1-16	1-50
110	0-02	0-46	1-01	1-36	0-40	1-20	1-49	2-20
111	0	0-25	0-42	1-11	1-38	1-63	2-26	2-59

Est. vol. total, Calls 3931 Puts 5223. Previous day's open int., Calls 72760 Puts 35844

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	93.60	93.60	-	93.76	93.00	2,825	6,248
Sep	-	93.22	-	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	107-22	107-17	-0-04	107-23	107-17	165,376	456,439
Sep	107-05	107-05	-0-02	107-05	107-03	756	36,759
Dec	-	106-26	-	-	106-25	101	6,136

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	126.85	-	-	127.08	126.95	1254	n/a
Sep	125.74	-	-	125.74	125.74	152	n/a

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Tue Apr 22	Day's change %	Mon Apr 21	Accrued interest	xd adj. ytd		Low coupon yield Apr 22	Apr 21	Yr. ago	Medium coupon yield Apr 22	Apr 21	Yr. ago	High coupon yield Apr 22	Apr 21	Yr. ago
1 Up to 5 years (19)	120.10	-0.01	120.12	2.56	3.49	5 yrs	7.32	7.31	7.49	7.37	7.36	7.52	7.42	7.41	7.64
2 5-15 years (20)	149.18	-0.06	149.27	2.99	3.12	15 yrs	7.71	7.70	8.15	7.72	7.71	8.16	7.62	7.59	8.25
3 Over 15 years (7)	169.58	-0.12	169.79	5.07	3.16	20 yrs	7.78	7.77	8.21	7.76	7.74	8.22	7.62	7.59	8.29
4 Irredeemables (5)	195.34	-0.25	195.83	4.34	2.37	Irred.†	7.82	7.80	8.26						
5 All stocks (51)	143.71	-0.06	143.79	3.23	3.34										

Index-linked							Inflation 5% Apr 22	Apr 21	Yr. ago	Inflation 10% Apr 22	Apr 21	Yr. ago
6 Up to 5 years (2)	203.27	0.01	203.26	0.34	3.03	Up to 5 yrs	3.33	3.33	2.78	2.56	2.58	1.35
7 Over 5 years (10)	194.90	-0.02	194.93	1.26	2.32	Over 5 yrs	3.64	3.54	3.71	3.43	3.42	3.50
8 All stocks (12)	194.72	-0.01	194.75	1.18	2.37							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Apr 22	Apr 21	Apr 18	Apr 17	Apr 16	Yr ago	High*	Low*
Govt. Secs. (UK)	93.90	94.12	94.15	94.40	94.03	92.42	96.62	93.31
Fixed Interest	116.78	117.02	116.96	116.98	116.87	112.10	120.18	115.32

Gilt Edged Activity Indices

	Apr 21	Apr 18	Apr 17	Apr 16	Apr 15
Gilt Edged bargains	NA	NA	NA	NA	NA
5-day average	NA	NA	NA	NA	NA

 * for 1997. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974. Gilt Edged volume data will be unavailable until the end of May.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on April 22

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	96¼	97	-¼	7.18
ABN Amro Bank 7¼ 05	1000	99	99⅛	-⅛	7.55
African Dev Bk 7⅜ 23	500	96⅜	96¾	-¼	7.70
Alberta Province 7⅝ 98	1000	101⅜	101½	-⅛	6.61
Argentina 11⅜ 17	2000	102⅞	103⅜	-¼	11.00
Spain 7¼ 03	4000	110	110		5.22
Volkswagen Intl Fin 7 03	1000	107⅞	107⅝		5.54
World Bank 5⅞ 03	3000	103½	103⅝		5.22
World Bank 6⅛ 02	3000	105¼	105⅜	+⅛	4.99
World Bank 7⅛ 05	3000	108⅛	108⅜	+⅛	5.67
Abbey Natl Treasury 8 03 £	1000	100⅝	100¾	-⅛	7.86
British Land 8⅞ 23 £	150	99⅝	99¾	-⅛	9.11
Denmark 6¾ 98 £	800	99⅝	99¾		7.01
Depfa Finance 7⅛ 03 £	500	98	98¼		7.92
EIB 8 03 £	1000	101¼	101⅞		7.62
Finland 7 00 £	500	99	99¼		7.31

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

Using the Net · Geoff Nairn

Java starts a palaver

The 'mini-program' language is emerging as a business tool, despite its immaturity

Java, which started as a trendy programming language for the Internet, is finding fans in several sectors as it evolves into a promising technology for building business software.

It is already having an impact in the financial services sector. In the City of London, for example, the big Japanese-owned finance house Nomura International, plans to develop all its programs with Java, which it hopes will speed the development of software for its trading desks and back-office systems. "We want to leapfrog the competition with Java," says Geoff Doubleday, managing director for information systems.

Java allows developers to create reusable "objects" – mini-programs – that can be assembled to create bigger programs and distributed over the Internet or corporate intranets. These objects can "inherit" properties from each other; which could revolutionise financial software, Doubleday believes.

For example, an object representing an interest rate swap – a financial derivative – can be automatically generated from two objects representing the underlying interest rates. With traditional programming, the swap program would need writing from scratch. "If they had not invented Java we would have had to develop it ourselves," says Doubleday. "Our programmers love it." Nomura plans to rewrite all its software in Java over the next two years.

One reason for its growing popularity is the ability of Java programs to work on different computers – including the new network computers coming on to the market. The NC works best when using Java mini-programs, and Sun Microsystems, Java's developer, has allied with International Business Machines and Oracle – whose chief Larry Ellison pioneered the NC concept – to promote the NC and Java as new standards for corporate computing.

In most companies today, the PC is king – Nomura International has 1,200 of them plus 400 Sun workstations for its traders – but the PC's dominance could be challenged by NCs, which at about $1,000 are cheaper than corporate PCs. The NC also has lower running costs, say its supporters. Because it loads its software from a network, it needs no hard disk or floppy disk drive, which improves reliability and stops users installing personal programs – a big source of problems for support staff. A survey of the biggest US companies by the US research company Yankee Group found 48 per cent planned to buy NCs in the next two years.

Doubleday would like to shed all Nomura's PCs in favour of NCs, but so far there is little off-the-shelf software for the NC, and Microsoft, the leader in PC office software, firmly opposes the NC.

"In the second half of 1997 we will start seeing significant Java [software] development," claims Amy Porter, European marketing manager at JavaSoft, a division of Sun. Nomura will probably use NCs alongside its existing PCs – the latter to run popular office programs, such as word processors, while the former run Nomura's custom-built Java software.

Java is not the only way to create software from reusable components. Other "component technologies" include OpenDoc, developed by IBM and Apple Computer, and Microsoft's Active X. But Java is attracting the widest support and last month Apple and IBM abandoned further development of OpenDoc and switched to Java.

Nor is Java the only object-oriented language. Others include SmallTalk and C++ but these can be difficult to use. "C++ caused a real culture shock to our programmers but they can use Java more easily," says Martin Vollmer, marketing director at German software company GUS.

GUS specialises in software for process industries and is working with IBM to rewrite the 1,500 programs that comprise its Charisma product with Java. The project will take two years after which Charisma should work on a variety of systems. The present version, written in the RPG language, works only on IBM's AS/400 hardware.

IBM is also using Java to rewrite its own software products. It wants to break down the big programs that require IBM mainframes into simpler components called JavaBeans that can be used on networks of smaller systems.

This is a formidable task and IBM has started a global project to speed up JavaBeans development.

Java is a young technology and has suffered from a lack of tools to create serious business software. But both the number of tools and general interest are growing. "Six months ago we had to spend time justifying Java. We do not have to do that any more," says Vic Morris, European vice-president for US company NetDynamics. Its Java-based technology allows companies to create Internet applications that link to existing corporate databases.

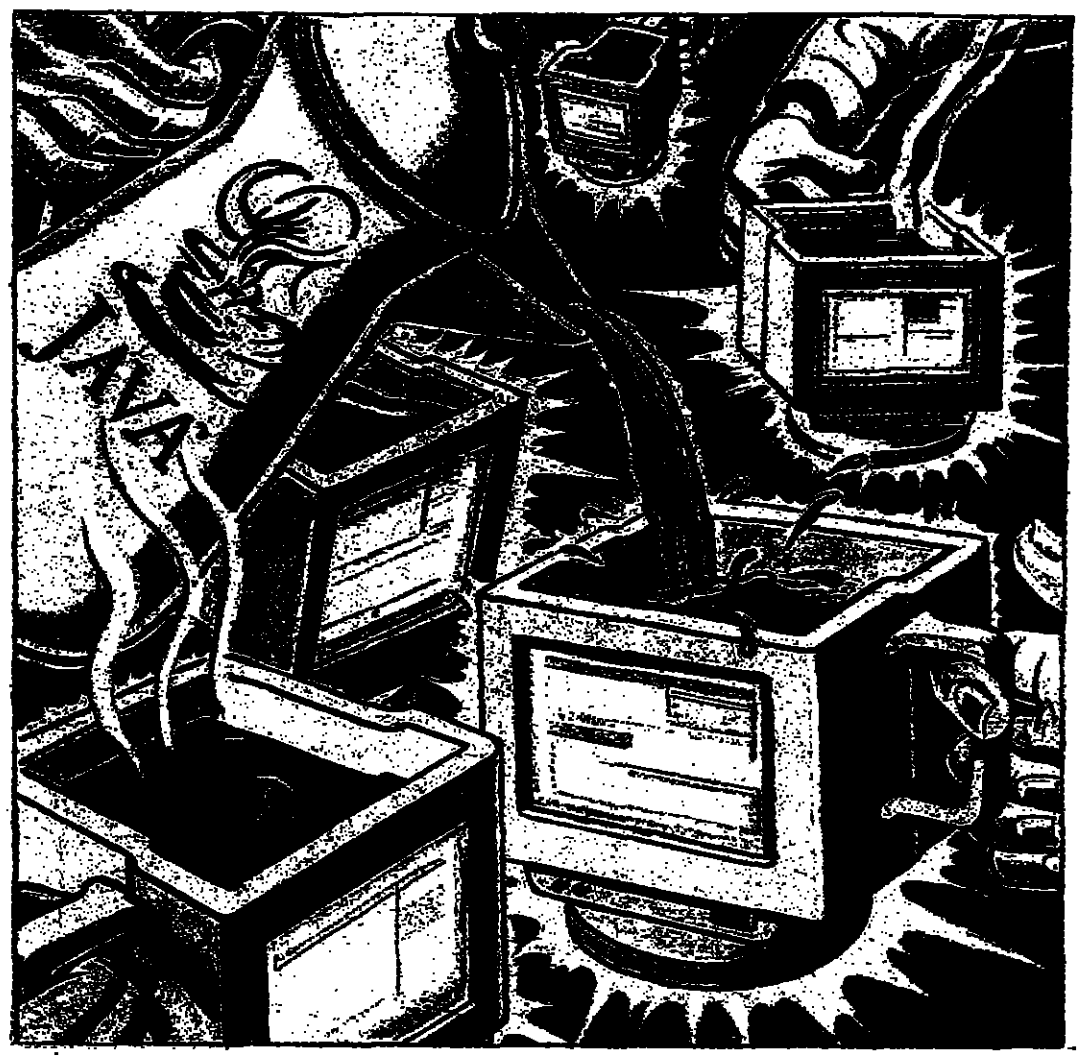
Canadian company Corel plans to release one of the first commercial Java products soon. Office for Java will include a word processor, spreadsheet and other programs and is similar to Microsoft's best-selling Office 97 suite for PCs.

Unlike the latter, which runs only on the Windows 95 operating system, Office for Java works on six operating systems. Microsoft's product has to be installed on every user's PC, swallowing up to 100MB of disk space; Office for Java occupies just 5MB and is stored on the network rather than on each computer. When a user needs to access documents, they are downloaded from the network to the user's computer along with the Java mini-programs needed to run them.

Lotus Development, the IBM subsidiary, is developing a similar suite of Java-based office programs, and other software companies plan to rewrite established products in Java.

Despite the growing interest, Java is unlikely to challenge traditional development techniques for several years, analysts say. Java also has several weaknesses, including slow speed and poor security.

JavaSoft says the security loopholes can be plugged while speed can be helped by using NCs instead of PCs to run Java programs. But few companies are ready yet to throw out their PCs. "We cannot get rid of our PCs because most people use them to run Microsoft Office," says Doubleday. Java will have to co-exist with older technologies for some time, although even Microsoft is believed to be working on a Java version of Office.



Information Technology

● The FT's review of Information Technology appears on the first Wednesday of each month

Simple switch from PC to NC

New software developed by California-based JavaSoft – a division of Sun Microsystems – promises to breathe new life into older PCs, and save companies lots of money by extending the working lives of machines destined for the scrap heap.

Developed under an internal programme called Project Rescue, JavaPC – due for release in the autumn – will simply and easily convert a PC running on Dos into a network computer.

Although installation is said to be as simple as loading a new application, such as a word processor, any 486-based PC (or higher) would be transformed instantly into a hybrid machine capable of running software developed for Java-based NCs.

Until now, companies wanting to move to the network computing model have had to face replacing their existing PCs with NCs. Moreover, while NCs are considerably less expensive than PCs, they have limited functionality and operate only while connected to the network.

JavaPC will cost less than $100 in the US, says Sun, and will enable organisations to benefit from the cross-platform capabilities and lower support costs associated with the NC, using their existing machines.

In addition, computers running the new software will still be able to use Dos applications and – if Windows is installed – Windows programs too.

The new software consists of three components: the Java operating system; HotJava Views, JavaSoft's graphical user interface; and the Java Virtual Machine.

This, says David Spenhoff, director of product marketing at JavaSoft, masks the identity of the host machine, regardless of its operating system or hardware platform.

Amy Porter, JavaSoft's European marketing manager, estimates that there are around 180m Dos-based PCs worldwide that could benefit from the new software, although initially the company is targeting a smaller group.

"In the short term we will focus our efforts on medium to large businesses, education and government," she says. "Figures from DataQuest and IDC [two leading independent IT market researchers] suggest that in these areas alone there are 30m PCs that could benefit."

But Mark Pryke-Smith, UK-based product manager for Microsoft's Internet platform and tools division, is keen to play down the significance of the new software. He points out that Microsoft has recently launched a version of its Internet Explorer Web browser for older Windows machines that can achieve the same objective, for free.

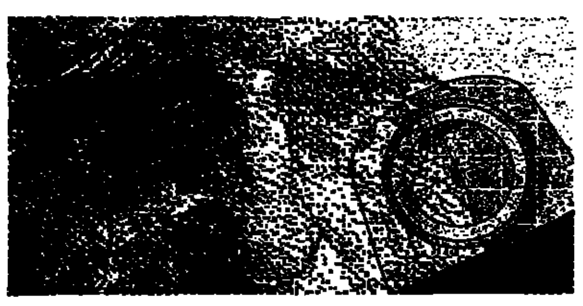
"Given that it is Java-enabled, Internet Explorer already incorporates a Virtual Machine," he says. "And Internet Explorer can be downloaded from the Internet without charge. Moreover, unlike the new JavaSoft software, Internet Explorer is capable of running on 386s and 286s, as well as 486s."

Audrey Apfel, an analyst at Gartner Group, sees JavaPC as a good tactical move by Sun. For an almost non-existent commitment, she argues, companies can experiment with the NC model.

She is sceptical about Microsoft's claims that a Java-enabled browser can do the same job as effectively: "I would anticipate that JavaPC will provide better performance than a fat browser."

Richard Poynder

Watching brief



Easier way to build Web databases

Netiva Software, a venture backed by Kleiner Perkins' Java Fund, this week announced new software which allows IT amateurs to create databases which can be accessed from any personal computer with a Web browser.

In Netiva, a user can create in a few minutes a company-wide address book or a human resources database, for example, or publish online forms for filing expense claims or aggregating sales forecasts.

The program, which was backed and designed by executives from PC database developers such as Claris, uses a graphical interface which appears similiar to that of Claris Filemaker, one of the easiest PC database applications.

Because Netiva is written in the Java software language, it runs on any "Java virtual machine" – in practice, any personal computer equipped with a browser such as Netscape Communicator or Internet Explorer.

Most of the work of the application is done by software which sits on a central server computer. A "thin" client program is automatically downloaded to the PC of anyone accessing a database.

This means that central databases can be set up and accessed with no need to install special software on all PCs in the organisation. "Netiva is the first productivity application to truly take advantage of the strengths of the Web," says the company.

Building a Web database is at present the province of specialists: it requires detailed knowledge of HTML code, data access methods such as SQL or ODBC, and CGI scripts or application servers.

Netiva, US. Tel: 408 379 2100. Fax: 408 341 1530. e-mail: steve@netiva.com. Web: http://www.netiva.com

Software may be last gasp for HTML

Java, the software language designed for networks which has caused much excitement but as yet resulted in few products, may be coming into its own with a product which could transform the design of websites.

RandomNoise, a San Francisco start-up, is set next month to launch Coda. The application is described as the first 100 per cent Java website builder, and has attracted plaudits from those who have seen its test versions.

What is 100 per cent Java? It means Coda is written in Java and can therefore work automatically with any system, be it Windows or Apple Macintosh – still the designer's favourite – running up-to-date Internet browser software.

But, more importantly, it means a designer using Coda can build an interactive and animated website which relies on Java to determine the position and characteristics of the objects on the page.

This means the designer can dispense with HTML, the hypertext markup language that defined the World Wide Web. HTML, which at first could not even centre text, has had to be stretched to meet the demands of designers.

The interface of Coda, which looks similiar to that of popular desktop publishing programs such as Quark Express or Adobe's Pagemaker, is intended to be familiar to graphic designers. It does not require knowledge of the Java language.

RandomNoise, US. Tel: 415 241 7041. Fax: 415 437 0596. e-mail: daria@randomnoise.com. Web: http://www.randomnoise.com/

Cash in: surfers may get itemised bills

Itemised billing awaits Net surfers

A new blueprint holds the promise of more rational pricing of the Internet.

The Metered Services Information Exchange, a protocol developed by computer maker Compaq, is designed to allow itemised billing of Internet users.

At present, Internet users typically pay for their connections with a flat monthly fee or a per-minute charge.

No distinction is made for the urgency of the traffic, the capacity consumed or congestion at the time the connection is made.

Metering applications based upon MSIX would allow Internet service providers to charge more for services such as video-conferencing, which requires broader and more reliable bandwidth than communication by electronic mail.

Compaq, US. Tel: 281 514 0434. Fax: 281 514 4583. Web: http://www.msix.org/

Repeat trick for Net telephony

The European Telecommunications Standards Institute, the organisation which defined the GSM standards that dominate digital mobile communications, aims to repeat the trick with Internet telephony.

The body, backed by telecoms carriers including KPN of the Netherlands and equipment manufacturers such as Alcatel and Lucent Technologies, is launching its Project Tiphon to work on ground rules for voice traffic over the Internet.

It will work first on standards for calls from computers to traditional telephones and then vice versa. Later, it will examine calls transmitted over the Internet between two ordinary phones.

Etsi, France. Web: http://www.etsi.fr/. Fax: 4 9365 4716. Tel: 4 9294 4215

All aboard the push bandwagon

First Microsoft, now Netscape: every software developer is jumping on the push bandwagon. Netscape's new Netcaster software, to be integrated into its Internet browser, will allow publishers to deliver information to users' desktops rather than wait for them to find it.

The push model, designed to reduce confusion when surfing the Web, was pioneered by start-ups such as PointCast and Marimba. But they are coming within the orbit of the giants of pull.

Last month Microsoft, developer of the Internet Explorer browser, said it would support a model for push from PointCast; and Netcaster includes Marimba's Castanet tuner and claims the support of other push companies such as Verity, Freeloader and Wayfarer Communications.

Netscape, US. Web: http://www.netscape.com/

Watching Brief is compiled by Nicholas Denton. e-mail nick.denton@FT.com; fax UK (0)171 873 3196

COMMODITIES AND AGRICULTURE

Mining groups are keen to be present in the country, whoever is in power

Battle for strategic positions in Zaire

Civil war in Zaire has not diminished foreign interest in its mineral resources. Not only do mining companies view Zaire as potentially one of the world's richest mineral areas yet to be explored fully, they also are mostly taking the view that the rebel alliance now in control of half the country will prove to be a better administration than its predecessor.

In fact, foreign investors had begun assessing opportunities in Zaire before the rebels started to move. Gecamines, the state-owned metals producer, had accepted it would have to turn to foreign companies and joint ventures if it was not to fade away completely.

It says a great deal for the richness of Zaire's copper and cobalt deposits that even after years of mismanagement and under-investment by Gecamines, Zaire is still Africa's fifth largest metals producer – behind South Africa, Gabon, Guinea and Zimbabwe – with exports worth about $1.5bn.

Zaire is the world's biggest producer of cobalt, a metal vital for the super-alloys used for aircraft and rockets. Although its importance has dwindled in recent years, it still produces about one-quarter of world cobalt output of about 20,000 tonnes. However, in the late 1980s Zaire was the fifth largest copper producer with annual output of 400,000 tonnes. Now it is an also ran with only 30,000 tonnes a year.

Nevertheless it is Zaire's cobalt, copper, zinc and diamond potential that has set foreign companies battling for strategic positions. Prominent among these is Anglo American, South Africa's *biggest* group, and its sister organisation De Beers, which dominates world trade in uncut diamonds.

Gecamines started the privatisation of Zaire's mines under the Mobutu government, but the process has been thrown in doubt this year by the advance of Mr Laurent Kabila's rebel forces from the east. Foreign mining groups have questioned the legitimacy of Gecamines recent deals, and are uncertain of which side to recognise in the conflict.

Anglo wants to continue to dominate mining in Africa and sees a firm footing in Zaire as essential. On April 1, it submitted bids to Gecamines for two projects in the rebel-held Shaba province.

One is for the Ruashi-Etoile deposit near Lubumbashi, which is estimated to contain nearly 2m tonnes of copper and 300,000 tonnes of

Finished cobalt is loaded in Likasi, Zaire — Michela Wrong

cobalt. The second is for a venture which a rival mining company claims it has already won. The project is to develop waste dumps at Kolwezi to produce 6,000 tonnes a year of cobalt plus some copper worth up to about $1bn. Union Minière of Belgium is associated with Anglo in this project.

Mr Jean-Raymond Boulle, chairman of Toronto-listed group American Mineral Fields, claims success in the Kolwezi project.

"We won the tender fair and square in December," he said, adding that the rebel advance had freed the tender process from the influence of Zaire's President Mobutu, who Mr Boulle claimed had close ties with bigger mining houses. Last year he withdrew from a joint venture agreement in Zaire with Anglo on the assumption that the rebels would favour independent mining groups.

Amid the confusion over the Kolwezi project Anglo said it had been informed by *Gecamines that the rival tenders* for the copper cobalt tailings retreatment project were still under evaluation and that no final decision had been made.

Jostling for position in Zaire's diamond fields is De Beers, anxious to maintain its position as the principle buyer of the country's gems. De Beers has buying offices in both Mbuji-Mayi and Kisangani, the eastern capital which fell to the rebel alliance last month. It also has a contract with Société Minière de Bakwanga (Miba), Zaire's largest single diamond producer.

Miba is 80 per cent owned by the government of Zaire and 20 per cent by Sibeka, a Union Minière offshoot. De Beers owns 20 per cent of Sibeka.

Zaire's diamond output is estimated to be worth $300m to $500m, including about $70m from Miba, but most diamonds are produced by artisans working alluvial deposits and selling to local buying offices. Doubts about the value exist because so many diamonds are smuggled out of the country and the high level of corruption within the industry.

Two weeks ago AMF opened a diamond buying office, the first to be licensed by the rebel alliance. The *annual licence fee of $25,000* was one-sixth of that demanded by the government. The alliance is also charging a modest 2.5 per cent tax on purchases.

Mining company executives who are watching the Zaire situation say Mr Kabila is perceived by potential foreign investors to be friendly towards western companies. However, the *people around him* are an unknown factor and nervousness among companies directly involved will persist even if the alliance takes over the country.

Early this month De Beers *had a "constructive" meeting* with Mr Kabila to discuss concerns about protection of their staff and facilities in the areas his forces now control. Anglo has no operations in Zaire *but has also sent a representative* to meet the alliance.

Anglo and De Beers are to have a further meeting this week at which they will try to dispel any impression that the South African group's *previous connections to the* Mobutu regime are any obstacle to doing business with the rebel forces.

Kenneth Gooding and Mark Ashurst

Crude oil prices lose early gains

MARKETS REPORT

By Robert Corzine, Gary Mead and Laurie Morse

Crude oil yesterday failed to hold on to early gains prompted by cuts in Nigerian exports and renewed tension between the US and Iraq over helicopter flights in the southern no-fly zone.

Brent Blend for June delivery rose 30 cents to $18.64 a barrel in morning trading on London's International Petroleum Exchange but later fell to about $18.14 a barrel, 20 cents below Monday's close of $18.34, as the impact of the bullish news began to fade.

Royal Dutch/Shell said it was taking steps to reduce the effects of a strike among contractor's staff at its Bonny export terminal on the Nigerian coast. It had earlier declared *force majeure* on 450,000 barrels a day of exports. It was the second time in a month that shipments from Bonny have been interrupted.

Dealing in copper on the London Metal Exchange played havoc with some market expectations, finishing the day's official trading $60.50 up on Monday's close, at $2,349 a tonne.

The morning trading session augured rather differently: the three-month price first nudged through the $2,300 a tonne barrier – reaching a peak of $2,308 – but later retreated, with the morning "kerb" finishing at $2,299, up only $10.50.

Nervousness over physical tightness also saw copper's current backwardation – the premium of the cash price over that for the three-month future – ballooning to $105 by the close of afternoon "kerb" trading, $40 more than Monday's position.

Other metals strained to follow copper's lead, with only aluminium showing much spirit, closing official trading at $1,596 a tonne, up $41, amid news that LME stocks have fallen by 15.5 per cent since January's peak; global inventories are now estimated to amount to some 6¼ weeks of consumption.

Among soft commodities traded on the London Financial Futures Exchange, the July contract for robusta coffee ended $14 down at $1,655, while that for cocoa edged up by just £3 to £1,024.

US wheat futures markets continued to be driven by widely varying reports on the extent of damage suffered by the nation's winter wheat crop during a hard freeze in the southern plains 10 days ago.

After the close of the market on Monday, the government announced that the percentage of US winter wheat in excellent condition had dropped to 46 per cent, from 63 per cent just prior to the freeze. However, traders discounted the data, saying it would be weeks until it was clear whether frozen plants would recover enough to produce grain.

After rallying to 11-month highs in anticipation of Monday's grain report, wheat futures for July delivery at the Chicago Board of Trade fell slightly yesterday.

At midday, July wheat was down 4¼ cents per bushel at $4.43. Corn and soyabean futures on the CBOT were also weaker, on reports that spring plantings were proceeding on schedule in major growing regions.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-4,700	to 818,300
Aluminium alloy	-125	to 69,200
Copper	-1,875	to 150,125
Lead	-125	to 112,850
Nickel	+408	to 50,604
Zinc	+725	to 434,000
Tin	+85	to 10,125

Central banks 'certain' to sell more gold

By Gary Mead

The world's central banks "are certain" to sell more gold reserves, although the amounts sold and the methods of disposal could be the cause of considerable market uncertainty, according to a special report published today by UBS.

Its author, Mr Andy Smith, precious metals analyst at UBS, says that "current gold reserve holdings reflect a disequilibrium which defies rational choice".

He backs that view with the assertion that the world's biggest dozen official gold holders are forgoing $15bn a year in interest earnings by "maintaining a grip on 80 per cent of global gold reserves".

Mr Smith regards the decision in March by the Swiss National Bank to sell gold as a "paradigm shift", a symbol of a changed attitude among central bankers towards gold reserves.

In January, the Dutch central bank said it had sold 300 tonnes – cutting its gold reserves by more than 20 per cent – in the country's fourth such disposal since 1989.

Mr Smith says the Dutch move provides some of the strongest empirical evidence that "ineluctable real world pressures on central banks" are persuading them to take "a more pragmatic view of their gold holdings".

Such pressures include, he argues, a diminution of the need to hold gold as a strategic asset and the rise of a "new generation of central bankers whose world view has been shaped by prolonged post-war global stability, not a sequence of boom-bust international shocks."

As to what the future may hold, he outlines four possible scenarios:

- a return to the gold standard – which he dismisses as unrealistic;
- a series of officially-orchestrated auctions – which he believes would require an unheard-of degree of international co-ordination;
- a move by central banks to become gold traders rather than passive gold holders;
- or open and unco-ordinated official gold sales, "inflicting maximum harm on the market".

Mr Smith projects that if Austria, Belgium, the Netherlands, Portugal, Spain and the UK were to reduce gold to 10 per cent (a level he holds to be more than adequate) of their reserves, then 2,137 tonnes could come on to the market.

If France, Germany, Italy, Switzerland and the US did the same, a further 17,688 tonnes would be sold, "the equivalent of nine years' mining output".

According to the International Monetary Fund, central banks held 28,154 tonnes of gold at the end of 1996, with another 6,286 tonnes in the vaults of international financial institutions.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1554.5-55.5	1589-90
Previous	1516.5-17.5	1552-53
High/low		1597/1558
AM Official	1546-46.5	1580-80.5
Kerb close		1593-94
Open int.	272,250	
Total daily turnover	55,437	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1440-45	1470-72
Previous	1417-22	1447-50
High/low		1470/1460
AM Official	1431-33	1461-63
Kerb close		1470-75
Open int.	5,633	
Total daily turnover	2,140	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	633.5-4.5	639-40
Previous	619-20	626-27
High/low	633	644/633
AM Official	632-3	638-9
Kerb close		641-3
Open int.	36,016	
Total daily turnover	5,025	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7310-20	7425-35
Previous	7235-45	7350-55
High/low	7310/7280	7445/7370
AM Official	7288-90	7365-75
Kerb close		7425-30
Open int.	49,938	
Total daily turnover	13,917	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5775-85	5810-15
Previous	5660-70	5705-10
High/low		5840/5730
AM Official	5725-30	5765-70
Kerb close		5730-40
Open int.	16,082	
Total daily turnover	2,909	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1235-36	1258-59
Previous	1218.5-19.5	1242-43
High/low		1264/1255
AM Official	1233-33.5	1256-57
Kerb close		1263-64
Open int.	88,553	
Total daily turnover	17,949	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2410.5-12.5	2320-21
Previous	2236-39	2287-89
High/low	2395/2380	2349/2295
AM Official	2393-94	2303-04
Kerb close		2346-47
Open int.	134,695	
Total daily turnover	47,686	

■ LME AM Official £/$ rate: 1.6361
LME Closing £/$ rate: 1.6370

Spot: 1.6366 3 mths: 1.6345 6 mths: 1.6321 9 mths: 1.6298

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	110.50	+3.10	111.00	107.85	202	1,515
May	109.90	+2.70	111.00	106.70	3,683	17,748
Jun	109.10	+2.50	109.50	107.00	52	1,742
Jul	108.50	+2.45	109.50	105.95	1,464	10,959
Aug	107.30	+2.15	107.70	105.55	57	856
Sep	105.80	+1.75	107.00	104.20	196	4,225
Total					5,730	48,737

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	341.30-341.80		
Opening	341.40-341.70		
Morning fix	342.00	209.01	497.10
Afternoon fix	341.60	208.38	496.11
Day's High	342.50-342.80		
Day's Low	340.90-341.20		
Previous close	342.30-342.80		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.51	6 months	4.57
2 months	4.52	12 months	4.54
3 months	4.55		

Silver Fix	p/troy oz.	US cts equiv.
Spot	290.95	476.25
3 months	295.00	482.25
6 months	299.40	488.70
1 year	308.20	501.85

Gold Coins	$ price	£ equiv.
Krugerrand	342-344	209-210
Maple Leaf	-	-
New Sovereign	80-83	49-51

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	341.6	-1.7	343.6	341.6	13	335
May	342.1	-1.6	-	-	-	-
Jun	343.4	-1.5	345.1	342.9	9,097	75,640
Aug	346.0	-1.5	347.3	345.4	260	16,244
Oct	348.6	-1.5	349.6	348.8	18	6,167
Dec	351.4	-1.5	352.5	351.5	198	21,569
Total					9,746	163,974

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	374.4	-4.1	-	-	4	6
Jul	376.4	-4.1	380.8	375.5	1,212	12,281
Oct	378.1	-4.1	381.0	378.5	217	2,913
Jan	380.3	-4.1	-	-	2	1,174
Total					1,429	16,380

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	154.75	-1.00	156.75	153.75	428	6,710
Sep	154.75	-1.00	157.50	154.75	29	2,727
Dec	155.50	-1.00	-	-	-	326
Total					457	9,766

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	471.0	-2.0	-	-	2	2
May	471.5	-2.0	477.0	470.5	11,771	41,558
Jul	476.3	-2.0	482.0	475.0	8,616	35,208
Sep	481.1	-2.0	484.5	480.5	77	3,804
Dec	488.5	-2.0	492.0	487.5	375	6,278
Jan	491.1	-2.0	-	-	-	17
Total					20,903	99,286

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	19.85	-0.53	20.55	19.61	34,934	22,899
Jun	19.81	-0.26	20.27	19.60	55,230	108k
Jul	19.75	-0.23	20.16	19.60	13,829	49,547
Aug	19.73	-0.20	20.11	19.64	2,689	28,390
Sep	19.65	-0.25	20.04	19.65	1,336	17,771
Oct	19.62	-0.25	19.98	19.62	1,147	16,153
Total					119,227	417,662

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Jun	18.09	-0.25	18.64	18.03	22,968	76,248
Jul	18.18	-0.25	18.65	18.11	8,121	38,675
Aug	18.28	-0.25	18.71	18.28	1,976	13,167
Sep	18.66	+0.08	18.74	18.66	207	8,258
Oct	18.60	-	18.74	18.60	175	5,728
Nov	18.60	-0.01	18.75	18.60	107	5,201
Total					na	na

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
May	54.85	-0.63	55.95	54.40	11,802	24,729
Jun	53.05	-0.77	54.15	52.80	6,902	31,396
Jul	53.30	-0.62	54.25	53.15	2,227	23,585
Aug	53.90	-0.52	54.35	53.80	2,393	12,315
Sep	54.60	-0.57	54.80	54.60	1,017	7,836
Oct	55.85	-0.07	56.20	55.85	1,282	6,838
Total					28,573	143,083

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	163.75	-1.50	167.00	163.00	5,829	22,293
Jun	164.75	-1.25	167.75	164.50	2,670	11,849
Jul	166.25	-1.50	169.00	166.00	1,547	7,183
Aug	168.00	-1.50	170.50	167.75	380	4,860
Sep	170.00	-1.50	172.00	170.25	165	2,494
Oct	172.00	-1.50	172.50	172.00	76	2,966
Total					8,873	63,334

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
May	2.057	-0.007	2.070	2.035	15,419	22,791
Jun	2.110	-0.021	2.125	2.090	9,950	34,577
Jul	2.130	-0.018	2.140	2.120	2,718	18,189
Aug	2.135	-0.018	2.145	2.130	1,082	12,295
Sep	2.135	-0.020	2.150	2.130	815	12,130
Oct	2.165	-0.020	2.180	2.160	1,035	14,923
Total					34,046	197,128

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
May	61.95	-0.85	63.20	61.40	16,234	28,414
Jun	61.50	-0.61	62.50	61.10	10,655	38,438
Jul	60.45	-0.51	61.40	60.10	2,139	12,740
Aug	59.15	-0.51	60.05	59.10	684	6,082
Sep	58.25	-0.01	58.90	58.25	227	3,088
Oct	58.50	-0.08	56.90	58.50	251	1,933
Total					30,685	98,187

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	96.50	-1.90	97.70	96.50	150	1,280
Jul	99.75	-1.85	100.70	99.70	155	1,823
Sep	98.50	-0.75	-	-	-	51
Nov	98.50	-0.75	99.10	98.50	356	3,420
Jan	100.50	-0.75	101.10	101.10	32	976
Mar	102.50	-0.75	103.10	102.75	65	544
Total					793	8,238

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	441.75	+2.25	447.00	431.00	3,363	6,718
Jul	447.00	-0.25	452.00	437.00	21,950	55,678
Sep	451.00	+0.25	454.50	441.00	2,594	12,985
Dec	460.00	+1.5	464.00	450.00	2,525	12,331
Mar	460.00	-	461.00	449.00	237	734
May	436.00	-1	436.00	436.00	-	3
Total					30,692	88,661

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	301.25	+1.5	301.75	298.50	21,616	73,202
Jul	302.00	+1.5	302.50	298.50	35,248	127,038
Sep	289.50	+1	290.00	287.00	1,368	23,057
Dec	285.25	+0.25	286.00	283.00	13,408	99,824
Mar	290.00	+0.25	290.50	288.00	263	9,977
May	292.50	+0.25	292.50	291.00	116	686
Total					72,088	339,235

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	90.50	-1.00	91.00	91.00	5	110
Sep	93.00	-1.00	-	-	-	28
Nov	95.00	-1.00	95.50	95.00	118	798
Jan	97.00	-1.00	97.00	97.00	5	64
Mar	99.00	-1.00	-	-	-	-
May	101.00	-1.00	-	-	-	-
Total					128	1,090

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	840.50	+3.5	842.00	832.50	13,760	36,528
Jul	843.00	+4.5	844.75	833.00	50,629	81,278
Aug	825.50	+4.25	826.50	817.00	1,870	12,917
Sep	751.00	+4.25	751.50	744.00	542	7,058
Nov	694.50	+5	695.00	688.00	12,224	40,659
Jan	700.00	+4.75	700.50	693.00	172	2,426
Total					79,254	182,294

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
May	24.66	+0.05	24.68	24.34	6,212	22,479
Jul	25.05	-0.04	25.14	24.74	14,150	39,875
Aug	25.19	-0.06	25.30	24.92	665	9,747
Sep	25.28	-0.02	25.35	25.00	360	5,788
Oct	25.28	-0.07	25.32	25.00	537	5,722
Dec	25.42	-0.06	25.50	25.18	2,160	16,829
Total					24,309	101,429

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
May	272.5	+1.7	272.7	267.8	6,199	29,803
Jul	270.4	+2.8	270.5	265.0	12,940	38,663
Aug	261.6	+2.1	262.0	257.5	895	10,623
Sep	246.0	+2	247.3	243.0	212	7,242
Oct	226.5	+2.5	226.5	223.0	496	7,252
Dec	219.7	+1.7	220.0	217.0	2,735	14,746
Total					23,876	110,672

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	25.0	-5.0	30.0	25.0	86	315
Jun	48.0	-5.0	-	-	-	-
Nov	70.0	-1.0	70.0	70.0	1	10
Mar	130.0	+11.0	-	-	-	-
Apr	149.8	+11.8	149.8	140.0	120	1,004
Total					287	1,329

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	1291	-23	1300	1285	238	715
May	1290	-25	1305	1283	308	778
Jun	1210	-10	1210	1200	18	65
Jul	1160	-5	1160	1150	64	993
Oct	1280	-10	1280	1275	55	399
Jan	1330	-10	1330	1330	5	52
Total					693	3,803

	Close	Prev
BFI	1314	1332

FUTURES DATA
All futures data supplied by CMS.

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	1006	+3	1006	990	545	12,847
Jul	1024	+3	1024	1005	1,048	20,645
Sep	1038	+3	1036	1020	201	13,465
Dec	1014	+3	1012	1003	385	28,139
Mar	1027	+3	1027	1015	713	29,145
May	1037	+2	-	-	-	16,346
Total					4,367	134,315

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
May	1425	+13	1429	1407	115	733
Jul	1449	+9	1456	1432	4,031	33,532
Sep	1472	+6	1476	1456	179	13,121
Dec	1494	+9	1498	1477	162	15,824
Mar	1517	+9	-	-	61	19,723
May	1538	+9	-	-	-	8,556
Total					4,548	93,180

■ COCOA (ICCO) (SDR's/tonne)

Apr 21	Price	Prev. day
Daily	1140.19	1154.91

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	1628	-15	1658	1628	1,071	14,118
Jul	1655	-14	1685	1655	1,847	16,912
Sep	1667	-9	1695	1668	794	10,276
Nov	1660	-10	1683	1665	127	3,504
Jan	1630	-15	1660	1655	15	1,730
Mar	1610	-15	1635	1635	8	141
Total					3,862	46,681

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	211.20	-3.70	215.50	210.50	4,225	4,056
Jul	188.35	-5.70	193.00	188.00	6,115	13,638
Sep	170.85	-4.85	174.50	170.40	966	6,627
Dec	152.50	-3.50	155.50	152.50	332	4,357
Mar	142.10	-0.90	144.00	142.00	66	1,483
May	138.30	-0.20	138.30	135.00	3	258
Total					11,710	30,571

■ COFFEE (ICO) (US cents/pound)

Apr 21		Prev. day
Comp. daily	149.23	149.21
15 day average	138.62	137.96

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Aug	310.9	+0.7	311.8	310.1	1,035	11,307
Oct	304.9	+0.2	305.3	304.5	380	4,820
Dec	301.9	-	302.4	301.6	125	1,215
Mar	301.3	+0.6	301.5	301.0	88	846
May	300.8	+0.5	300.9	300.9	4	432
Total					1,632	18,634

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	11.27	+0.03	11.28	11.20	10,055	35,613
Jul	11.12	+0.04	11.13	11.04	8,900	72,245
Oct	10.88	+0.02	10.89	10.82	2,111	34,162
Mar	10.77	+0.01	10.78	10.73	844	19,825
May	10.71	-	10.72	10.68	466	4,507
Jul	10.64	-	10.65	10.65	157	1,981
Total					22,533	168,889

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	71.08	+0.28	71.20	70.80	4,753	12,009
Jul	72.90	+0.41	73.00	72.49	5,420	34,447
Oct	74.10	+0.23	74.25	74.00	187	2,194
Dec	75.07	+0.17	75.15	74.95	1,111	22,482
Mar	76.16	+0.16	76.20	76.00	29	2,618
May	76.80	+0.15	76.55	76.50	-	651
Total					11,482	75,611

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	75.70	+1.15	75.75	74.20	2,137	8,152
Jul	77.80	+0.50	77.90	76.80	2,125	11,871
Sep	80.35	+0.20	80.50	80.00	272	4,964
Nov	83.05	+0.05	83.50	82.75	25	2,204
Jan	85.15	+0.15	85.05	85.00	45	945
Mar	87.25	+0.20	87.00	87.00	14	677
Total					4,619	28,924

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Apr 22	Apr 21	month ago	year ago
na	1950.0	1973.2	2115.6

■ CRB Futures (Base: 1967 = 100)

Apr 21	Apr 18	month ago	year ago
247.61	247.34		

■ GSCI Spot (Base: 1970 = 100)

Apr 21	Apr 18	month ago	year ago
194.98	193.69	194.19	208.16

Minor metals
European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.65%, $ per tonne, 2,300-2,400 (2,350-2,460). Bismuth: min. 99.99%, tonne lots 2.90-3.15. Cadmium: min. 99.95%, cents a pound. 50.00-55.00. Cobalt: MB free market, min. 99.8%, 24.00-25.25 (22.80-23.50); min. 99.3%, 20.75-21.75 (20.30-21.30). Mercury: min. 99.99%, $ per 76 lb flask, 159-171. Molybdenum: drummed molybdic oxide, 4.50-4.75 (4.55-4.75). Selenium: min 99.5%, 2.35-3.00 (2.35-3.10). Tungsten ore: standard min. 65%, $ per tonne unit (10kg) WO_3, cif, 45-55. Vanadium: min. 98%, cif, 3.75-3.87 (3.85-3.90). Uranium: Nuexco unrestricted exchange value, 12.25.

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	69.325	+0.100	69.400	69.100	984	2,849
Jun	64.675	-0.075	64.975	64.500	3,885	36,075
Aug	64.450	-0.050	64.700	64.325	2,588	24,474
Oct	68.300	+0.025	68.475	68.225	1,170	15,359
Dec	70.100	-0.125	70.300	70.025	476	8,396
Feb	71.100	-0.050	71.150	70.900	200	5,136
Total					9,300	93,122

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Jun	85.000	-0.250	85.250	84.350	4,040	15,763
Jul	85.050	-0.525	85.450	84.550	2,062	5,579
Aug	82.575	+0.025	82.700	81.850	1,273	4,521
Oct	75.450	-0.050	75.500	74.800	1,012	4,219
Dec	72.450	+0.175	72.500	71.800	576	2,580
Feb	70.950	+0.100	71.100	70.500	20	572
Total					9,023	33,834

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
May	89.825	-1.575	92.150	89.600	2,026	3,195
Jul	89.075	-1.325	91.100	88.800	1,976	2,650
Aug	86.875	-0.3	88.800	86.500	318	863
Feb	76.725	+0.45	78.000	76.200	33	189
Mar	76.800	+0.8	76.800	76.600	3	8
Total					4,363	6,910

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	May	Aug	May	Aug
1500	78	121	1	15
1600	111	57	33	49
1700	-	21	23	112

■ COPPER (Grade A) LME	May	Aug	May	Aug
2200	203	152	-	28
2300	107	89	3	63
2400	34	46	30	119

■ COFFEE LIFFE	Jul	Sep	Jul	Sep
1600	128	186	73	119
1650	102	161	97	144
1700	80	138	125	171

■ COCOA LIFFE	Jul	Sep	Jul	Sep
1000	60	82	36	44
1025	47	68	48	55
1050	36	56	62	68

■ BRENT CRUDE IPE	Jun	Jul	Jun	Jul
1800	-	-	49	63
1850	-	-	-	-
1900	24	-	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)		+or-
Dubai	$16.51-6.61	-0.395
Brent Blend (dated)	$17.65-7.67	-0.22
Brent Blend (Jun)	$18.10-8.12	-0.27
W.T.I.	$19.78-9.80z	-0.31

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$210-212	
Gas Oil	$167-169	-1.5
Heavy Fuel Oil	$78-80	
Naphtha	$171-173	
Jet fuel	$186-188	-1.5
Diesel	$174-176	-0.5

■ NATURAL GAS (Pence/therm)		
Bacton (May)	10.3-10.4	

Petroleum Argus. Tel. London (0171) 359 8792

IPE (May)	10.315	+0.065

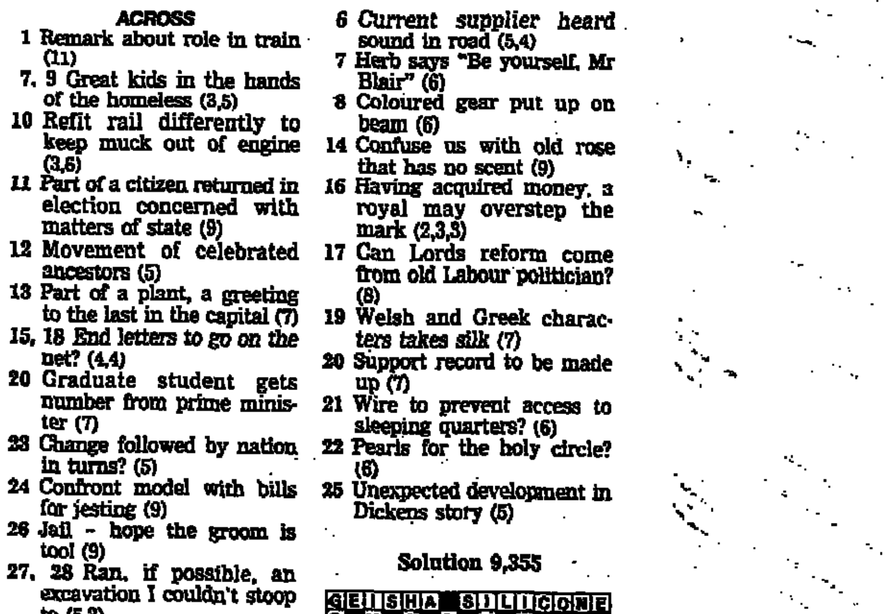
■ OTHER		
Gold (per troy oz)‡	$341.55	-1.00
Silver (per troy oz)‡	475.00c	
Platinum (per troy oz.)	$380.25	-0.75
Palladium (per troy oz.)	$156.50	
Copper	113.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.03r	
Tin (New York)	265.50	-1.00
Cattle (live weight)	93.00p	-1.32*
Sheep (live weight)	136.19p	+1.79*
Pigs (live weight)†	94.58p	+10.82*
Lon. day sugar (raw)	$275.90	-1.30
Lon. day sugar (wte)	$313.10	+0.20
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (May)♥	71.00p	-1.5
Rubber (Jun)♥	71.00p	-1.5
Rubber (KL RSS No1)	284.0x	-3.5
Coconut Oil (Phil)§	720.0y	+5.0
Palm Oil (Malay.)§	560.0z	-5.0
Copra (Phil)§	$450.0y	-5.0
Soyabeans (US)	223.0	-1.0
Cotton Outlook'A' index	78.50c	
Wooltops (64s Super)	400p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w May y Apr/May♥ z Jun London Physical. § CIF Rotterdam. ‡ Bullion market close. * Change on week. †Based on n/a head of pigs sold.

JOTTER PAD

CROSSWORD

No.9,356 Set by CINEPHILE



ACROSS

1 Remark about role in train (11)
7, 9 Great kids in the hands of the homeless (3,5)
10 Refit rail differently to keep muck out of engine (3,6)
11 Part of a citizen returned in election concerned with matters of state (9)
12 Movement of celebrated ancestors (5)
13 Part of a plant, a greeting to the last in the capital (7)
15, 18 End letters to go on the net? (4,4)
20 Graduate student gets number from prime minister (7)
23 Change followed by nation in turns? (5)
24 Confront model with bills for jesting (9)
26 Jail – hope the groom is tool (9)
27, 28 Ran, if possible, an excavation I couldn't stoop to (5,3)
29 Gate formed with hurdles is destroyed (11)

DOWN

1 Ships going on ahead? (8)
2 Gatecrash the action, solving clues in a short time (6,2)
3 A fellow representative (5)
4 Crashed car, then made a raft (7)
5 Spike publicity that's deafening (7)
6 Current supplier heard sound in road (5,4)
7 Herb says "Be yourself, Mr Blair" (6)
8 Coloured gear put up on beam (6)
14 Confuse us with old rose that has no scent (9)
16 Having acquired money, a royal may overstep the mark (2,3,3)
17 Can Lords reform come from old Labour politician? (8)
19 Welsh and Greek characters takes silk (7)
20 Support record to be made up (7)
21 Wire to prevent access to sleeping quarters? (6)
22 Pearls for the holy circle? (6)
25 Unexpected development in Dickens story (5)

Solution 9,355

CURRENCIES AND MONEY

Dollar gains as French nerves ease

MARKETS REPORT

By Simon Kuper

The dollar rebounded yesterday, boosted by investors buying on dips and by the growing belief that the French election would help European monetary union to start on schedule.

Mr Jacques Chirac, the French president, called an early general election on Monday night as expected. On Monday the French franc had fallen, boosting the D-Mark against the dollar. Yesterday, however, both the dollar and franc recovered as the market decided that the ruling conservatives were likely to win the election and would then take austerity measures to equip France for Emu entry.

The dollar also gained on a report from Germany's six leading economic research institutes, which forecast that the US currency would average DM1.80 to the D-Mark in 1998.

The dollar recovered 0.9 pfennigs against the D-Mark and Y0.8 against the yen yesterday to close in London at DM1.711 and Y126.3 respectively. The franc rebounded from FFr3.377 to FFr3.374 against the D-Mark.

The strong dollar dragged sterling higher. The pound recovered its losses of Monday, closing 1.8 pfennigs up at DM2.801 to the D-Mark.

■ The lira fell further against the D-Mark as belief grew that Italy would miss the first round of European monetary union.

The currency closed in London at L996.1 to the D-Mark. It has lost L8.6 against the German currency in the last two days.

■ Pound in New York

Apr 22	—Latest—	– Prev. close –
£ spot	1.6370	1.6330
1 mth	1.6363	1.6323
3 mth	1.6324	1.6302
1 yr	1.6283	1.6245

The view that Emu would start without Italy began gathering force late on Monday when Mr Hans Tietmeyer, Bundesbank president, said Emu stood its best chance of success if it were led by a "homogeneous" group of states. Mr Johann-Wilhelm Gaddum, the bank's vice president, said yesterday that Emu could be launched with a small number of countries. "There's nothing wrong with starting with a smaller range of participants if that makes it easier to launch a real community of stability," he said.

Traders also sold lira ahead of today's European Commission economic forecasts, which are expected to predict that Italy and Greece would miss the 1997 budget deficit criterion for Emu qualification.

Forecasts that the French centre-right government would win the country's election also hit the lira. While France's Socialist opposition supports Italian and Spanish entry into the first round of Emu, the government is seen to want tough fiscal criteria for Emu.

Mr Tony Norfield, treasury economist at ABN Amro in London, said: "The way market sentiment is swinging is to say, 'Look, Italy isn't going to make Emu.'"

Top foreign exchange trading revenues

	1996 ($m)	% change over 1995
Citibank	[illegible]	[illegible]
HSBC Midland	397	-2
[illegible]	[illegible]	[illegible]
Chase Manhattan	444	-24
[illegible]	[illegible]	[illegible]
UBS	374	-6
[illegible]	[illegible]	[illegible]
JP Morgan	320	+28
[illegible]	[illegible]	[illegible]
ABN Amro	301	+17
[illegible]	[illegible]	[illegible]
State Street	126	-11
[illegible]	[illegible]	[illegible]
BZW	107	-14
[illegible]	[illegible]	[illegible]
American Express	72	-9

UK conversion rate is £ = $1.58

Source: FX Week and Deutsche Morgan Grenfell

■ This weekend's Group of Seven meeting in Washington continues to overshadow trading, keeping the dollar within a narrow range.

Japan is thought to want a G7 statement pledging intervention to weaken the dollar if the currency keeps rising. Mr Paul Lambert, senior currency economist at UBS in London, said the question was whether the US and European countries would back such a statement.

Mr Hiroshi Mitsuzuka, Japan's finance minister, said the G7's views on currencies on Sunday were unlikely to differ from those it expressed in Berlin in February. Then the G7 said the dollar had risen far enough.

■ OTHER CURRENCIES

Apr 22	£	$
Czech Rp	49.5829 - 49.6710	30.3000 - 30.3390
Hungary	294.912 - 295.138	180.220 - 180.270
Iran	4911.80 - 4909.20	3000.00 - 3000.00
Kuwait	0.4970 - 0.4975	0.3037 - 0.3039
Poland	5.1277 - 5.1351	3.1335 - 3.1365
Russia	9397.85 - 9405.71	5743.00 - 5745.00
U.A.E.	6.0098 - 6.0138	3.6726 - 3.6751

■ The graph accompanying this report shows how some of the leading banks in foreign exchange markets fared in 1996. The list is incomplete: a few big players such as Bank of Tokyo-Mitsubishi and Credit Suisse First Boston have yet to declare their forex revenues for the year. However, enough banks have reported by now for some trends to have become clear.

The key trend is that most banks had a bad year. The reasons are the low volatility in the market for much of 1996 and the rise of electronic broking systems, which hit trading margins.

Another interesting feature is the rise of banks that began concentrating on client sales and emerging markets. Deutsche Morgan Grenfell, ABN Amro and J.P. Morgan are the best examples. Deutsche in particular will be relieved to see its heavy recent investment in forex start to pay off.

WORLD INTEREST RATES

MONEY RATES

April 22	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	2.50	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.10	-	4.75
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.00
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.25	6.75	7.34
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	6	[illegible]	-	-	-
US Dollar CDs	-	5.50	5.84	5.78	6.10	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 22	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	$6\frac{1}{8}$ - 6	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	$1\frac{1}{2}$ - $1\frac{1}{8}$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Dollar	[illegible]	$3\frac{1}{8}$ - 3	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	$3\frac{1}{2}$ - $3\frac{3}{8}$	$3\frac{1}{2}$ - $3\frac{3}{8}$	$3\frac{1}{2}$ - $3\frac{3}{8}$	$3\frac{5}{8}$ - $3\frac{1}{2}$

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ THREE MONTH EURODOLLAR FUTURES (LIFFE) DM1m points of 100% [illegible]

■ ONE MONTH EUROMARK FUTURES (LIFFE) DM3m points of 100% [illegible]

■ THREE MONTH EUROLIRA FUTURES (LIFFE) L1000m points of 100% [illegible]

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100% [illegible]

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100% [illegible]

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100% [illegible]

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
9300	0.28	0.60	0.76	0.12	0.18	0.23
9325	0.14	0.42	0.59	0.23	0.25	0.31
9350	0.06	0.28	0.44	0.40	0.35	0.41

Est. vol. total, Calls 4540 Puts 3320. Previous day's open int., Calls 148678 Puts 65511

POUND SPOT FORWARD AGAINST THE POUND

Apr 22		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.7124	+0.127	021 - 227	19.7276	19.5286	19.6689	2.6	19.6124	2.0	-	-	103.6
Belgium	(BFr)	57.7938	+0.3469	453 - 423	57.8370	57.2620	57.6688	2.6	57.4088	2.7	56.0838	3.0	103.4
Denmark	(DKr)	10.6735	+0.0715	692 - 777	10.6849	10.5755	10.6515	2.5	10.608	2.5	10.398	2.6	105.9
Finland	(FM)	8.4695	+0.0562	608 - 761	8.4775	8.3940	-	-	-	-	-	-	82.2
France	(FFr)	9.4509	+0.0529	469 - 548	9.4604	9.3726	9.4288	2.8	9.3851	2.8	9.168	3.0	108.1
Germany	(DM)	2.8009	+0.018	996 - 021	2.8060	2.7752	2.7942	2.8	2.7807	2.9	2.714	3.1	105.0
Greece	(Dr)	445.136	+3.184	643 - 630	445.477	440.361	-	-	-	-	-	-	65.6
Ireland	(I£)	1.0525	+0.0021	517 - 532	1.0540	1.0493	1.0522	0.3	1.0513	0.5	1.0447	0.7	101.9
Italy	(L)	2790.42	+24.58	892 - 192	2794.43	2763.92	2793.82	-1.5	2798.67	-1.2	2801.47	-0.4	75.7
Luxembourg	(LFr)	57.7938	+0.3469	453 - 423	57.845	57.2620	57.6688	2.6	57.4088	2.7	56.0838	3.0	103.4
Netherlands	(Fl)	3.1498	+0.0212	484 - 511	3.1511	3.1206	3.1417	3.1	3.1259	3.0	3.0504	3.2	103.0
Norway	(NKr)	11.5972	+0.0383	924 - 019	11.6113	11.4745	11.5727	2.5	11.5242	2.5	11.2987	2.6	98.9
Portugal	(Es)	282.094	+1.677	952 - 237	282.240	279.398	282.234	-0.6	282.519	-0.6	-	-	94.2
Spain	(Pta)	236.714	+1.458	607 - 821	236.840	234.810	236.847	-0.7	236.714	0.0	235.239	0.6	78.0
Sweden	(SKr)	12.5572	+0.06	500 - 644	12.5654	12.4502	12.5382	1.8	12.4987	1.9	12.3027	2.0	84.6
Switzerland	(SFr)	2.3824	+0.013	810 - 838	2.3850	2.3559	2.3738	4.5	2.3557	4.5	2.2715	4.7	104.3
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	100.1
Ecu	-	1.4373	+0.0074	363 - 383	1.4386	1.4263	1.4351	1.8	1.4304	1.9	1.4053	2.2	-
SDR†	-	1.186480	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6368	+0.002	361 - 370	1.6392	1.6323	-	-	-	-	-	-	-
Brazil	(R$)	1.7395	+0.0028	390 - 400	1.7418	1.6963	-	-	-	-	-	-	-
Canada	(C$)	2.2853	+0.0014	843 - 862	2.2893	2.2613	2.2794	3.1	2.2687	2.9	2.2241	2.7	84.0
Mexico	(New Peso)	12.8776	+0.0011	703 - 848	12.9045	12.8553	-	-	-	-	-	-	-
USA	($)	1.6368	+0.002	364 - 372	1.6395	1.6320	1.6361	0.5	1.6345	0.5	1.6281	0.5	105.7
Pacific/Middle East/Africa													
Australia	(A$)	2.1032	-0.0031	020 - 044	2.1097	2.0979	2.1031	0.1	2.1023	0.2	2.0982	0.2	96.3
Hong Kong	(HK$)	12.6800	+0.0144	760 - 839	12.7004	12.6459	12.6759	0.4	12.6644	0.5	12.6242	0.4	-
India	(Rs)	58.5402	+0.0879	849 - 954	58.5960	58.3840	-	-	-	-	-	-	-
Israel	(Shk)	5.5670	+0.0149	605 - 735	5.5775	5.5503	-	-	-	-	-	-	-
Japan	(Y)	206.548	+1.331	432 - 664	206.850	204.810	205.578	5.6	203.718	5.5	195.108	5.5	120.3
Malaysia	(M$)	4.0887	-0.0076	869 - 905	4.0988	4.0867	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3573	+0.0012	555 - 591	2.3627	2.3509	2.3602	-1.5	2.3653	-1.4	2.3855	-1.2	116.5
Philippines	(Peso)	43.1592	+0.0642	028 - 155	43.2263	43.0944	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.1389	+0.0075	372 - 405	6.1488	6.1211	-	-	-	-	-	-	-
Singapore	(S$)	2.3627	+0.0082	613 - 641	2.3656	2.3502	-	-	-	-	-	-	-
South Africa	(R)	7.2781	+0.0081	738 - 823	7.2892	7.2616	-	-	-	-	-	-	-
South Korea	(Won)	1461.66	+1.78	803 - 529	1465.80	1455.58	-	-	-	-	-	-	-
Taiwan	(T$)	45.2412	+0.0717	974 - 850	45.2870	45.1117	-	-	-	-	-	-	-
Thailand	(Bt)	42.6632	+0.0546	364 - 900	42.7170	42.4290	-	-	-	-	-	-	-

† Rates for Apr 21. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 22		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan index
Europe													
Austria	(Sch)	12.0433	+0.063	399 - 466	12.0470	11.9400	12.0286	1.5	11.9833	2.0	11.7883	2.1	103.4
Belgium	(BFr)	35.3090	+0.169	880 - 300	35.3000	35.0090	35.249	2.0	35.1215	2.1	34.5815	2.1	103.4
Denmark	(DKr)	6.5209	+0.0357	199 - 219	6.5253	6.4642	6.512	1.6	6.4936	1.7	6.4119	1.7	105.5
Finland	(FM)	5.1738	+0.026	704 - 772	5.1782	5.1328	5.165	2.0	5.1463	2.1	5.0638	2.1	81.8
France	(FFr)	5.7740	+0.0253	730 - 750	5.7772	5.7304	5.7633	2.2	5.7423	2.2	5.634	2.4	105.8
Germany	(DM)	1.7112	+0.0089	108 - 115	1.7125	1.6963	1.708	2.2	1.7015	2.3	1.6678	2.5	104.8
Greece	(Dr)	271.955	+1.615	720 - 190	272.200	269.560	273.51	-6.9	276.08	-6.1	287.105	-5.6	65.6
Ireland	(I£)	1.5563	-0.0011	545 - 560	1.5589	1.5539	1.5548	0.3	1.5543	0.3	1.5556	0.0	-
Italy	(L)	1704.80	+12.95	430 - 530	1707.06	1690.25	1707.8	-2.1	1712.85	-1.8	1722.45	-1.0	75.8
Luxembourg	(LFr)	35.3090	+0.169	880 - 300	35.3400	35.0090	35.249	2.0	35.1215	2.1	34.5815	2.1	103.4
Netherlands	(Fl)	1.9244	+0.0106	240 - 247	1.9255	1.9076	1.9206	2.4	1.9126	2.5	1.8771	2.5	103.0
Norway	(NKr)	7.0853	+0.0148	841 - 864	7.0944	7.0159	7.0816	0.6	7.0759	0.5	7.0503	0.5	98.0
Portugal	(Es)	172.345	+0.815	300 - 390	172.400	171.550	172.475	-0.9	172.625	-0.6	172.36	0.0	94.8
Spain	(Pta)	144.620	+0.715	590 - 650	144.680	143.630	144.71	-0.8	144.83	-0.6	144.625	0.0	77.8
Sweden	(SKr)	7.6718	+0.0273	693 - 743	7.6745	7.6125	7.669	0.4	7.6592	0.7	7.6118	0.8	84.9
Switzerland	(SFr)	1.4555	+0.0062	550 - 560	1.4573	1.4418	1.4507	3.9	1.4413	3.9	1.3958	4.1	104.4
UK	(£)	1.6368	+0.002	364 - 372	1.6395	1.6320	1.6361	0.5	1.6345	0.5	1.6281	0.5	99.3
Ecu	-	1.1388	-0.0045	383 - 393	1.1450	1.1380	1.14	-1.2	1.1425	-1.3	1.1578	-1.7	-
SDR†	-	0.728115	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0628	+0.0005	627 - 628	1.0630	1.0290	-	-	-	-	-	-	-
Canada	(C$)	1.3962	-0.0009	959 - 964	1.3985	1.3950	1.3934	2.4	1.3881	2.3	1.3667	2.1	83.9
Mexico	(New Peso)	7.8675	-0.009	650 - 700	7.8710	7.8610	7.9855	-18.0	8.252	-19.5	9.1125	-15.8	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	106.1
Pacific/Middle East/Africa													
Australia	(A$)	1.2849	-0.0035	845 - 853	1.2868	1.2840	1.2856	-0.7	1.2864	-0.5	1.2917	-0.5	99.8
Hong Kong	(HK$)	7.7468	-0.0007	463 - 473	7.7482	7.7460	7.7467	0.0	7.7473	0.0	7.7583	-0.1	-
India	(Rs)	35.7650	+0.01	400 - 900	35.8000	35.7390	35.98	-7.2	36.44	-7.5	-	-	-
Israel	(Shk)	3.4012	+0.0046	980 - 043	3.4050	3.3963	-	-	-	-	-	-	-
Japan	(Y)	126.190	+0.66	150 - 230	126.260	125.340	125.655	5.1	124.63	4.9	119.83	5.0	121.6
Malaysia	(M$)	2.4980	-0.0077	975 - 985	2.5064	2.4973	2.5009	-1.4	2.5063	-1.3	2.5275	-1.2	-
New Zealand	(NZ$)	1.4402	-0.001	395 - 409	1.4411	1.4390	1.4425	-1.9	1.4468	-1.8	1.4675	-1.9	-
Philippines	(Peso)	26.3680	+0.007	400 - 960	26.3960	26.3400	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-0.0001	504 - 506	3.7507	3.7503	3.7508	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4435	+0.0033	430 - 440	1.4445	1.4388	1.4413	1.8	1.4367	1.9	1.4155	1.9	-
South Africa	(R)	4.4465	-0.0005	450 - 480	4.4800	4.4445	4.4872	-11.0	4.5622	-10.4	4.877	-9.7	-
South Korea	(Won)	893.000	-	000 - 000	895.100	890.800	-	-	-	-	-	-	-
Taiwan	(T$)	27.6400	+0.01	200 - 600	27.6650	27.6150	27.6401	0.0	27.6403	0.0	-	-	-
Thailand	(Bt)	26.0650	+0.0015	550 - 750	26.0770	25.9790	26.155	-4.1	26.3225	-4.0	26.98	-3.4	-

† SDR rate per $ for Apr 21. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 21: Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 22		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.46	16.35	4.847	1.822	4828	5.451	20.07	488.1	409.6	21.73	4.122	1.730	3.954	2.833	357.7	2.487
Denmark	(DKr)	54.16	10	8.858	2.625	0.987	2615	2.952	10.87	264.4	221.8	11.77	2.232	0.937	2.142	1.534	193.7	1.347
France	(FFr)	61.15	11.29	10	2.964	1.114	2952	3.333	12.27	298.5	250.4	13.29	2.520	1.058	2.418	1.732	218.7	1.520
Germany	(DM)	20.63	3.809	3.374	1	0.376	996.1	1.125	4.141	100.7	84.51	4.484	0.850	0.357	0.816	0.584	73.80	0.513
Ireland	(I£)	54.88	10.13	8.975	2.660	1	2650	2.991	11.02	267.9	224.8	11.93	2.262	0.950	2.170	1.555	196.3	1.365
Italy	(L)	2.071	0.382	0.339	0.100	0.038	100.	0.113	0.416	10.11	8.484	0.450	0.085	0.036	0.082	0.059	7.409	0.052
Netherlands	(Fl)	18.35	3.387	3.000	0.889	0.334	885.7	1	3.683	89.56	75.14	3.987	0.756	0.317	0.725	0.520	65.62	0.456
Norway	(NKr)	49.82	9.198	8.147	2.415	0.908	2405	2.716	10	243.2	204.1	10.83	2.053	0.862	1.970	1.411	178.2	1.239
Portugal	(Es)	20.49	3.782	3.350	0.993	0.373	989.0	1.117	4.112	100.	83.91	4.452	0.844	0.354	0.810	0.580	73.27	0.509
Spain	(Pta)	24.41	4.508	3.993	1.183	0.445	1179	1.331	4.901	119.2	100.	5.306	1.006	0.422	0.965	0.692	87.33	0.607
Sweden	(SKr)	46.01	8.495	7.525	2.230	0.838	2221	2.508	9.236	224.6	188.5	10	1.896	0.796	1.819	1.303	164.6	1.144
Switzerland	(SFr)	24.26	4.479	3.968	1.176	0.442	1171	1.322	4.870	118.4	99.37	5.273	1	0.420	0.959	0.687	86.78	0.603
UK	(£)	57.79	10.67	9.451	2.801	1.053	2790	3.150	11.60	282.1	236.7	12.56	2.382	1	2.285	1.637	206.7	1.437
Canada	(C$)	25.29	4.670	4.136	1.226	0.461	1221	1.379	5.077	123.5	103.6	5.497	1.042	0.438	1	0.716	90.46	0.629
US	($)	35.30	6.518	5.773	1.711	0.643	1704	1.924	7.086	172.3	144.6	7.673	1.455	0.611	1.396	1	126.3	0.878
Japan	(Y)	27.96	5.162	4.572	1.355	0.509	1350	1.524	5.612	136.5	114.5	6.076	1.152	0.484	1.106	0.792	100.	0.695
Ecu		40.22	7.425	6.577	1.949	0.733	1942	2.192	8.072	196.3	164.7	8.740	1.658	0.696	1.590	1.139	143.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5914	0.5877	-0.0036	0.5921	0.5873	39,306	80,245
Sep	0.5923	0.5915	-0.0038	0.5923	0.5915	85	3,160
Dec	0.5967	0.5958	-0.0038	0.5967	0.5958	191	319

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8048	0.7992	-0.0055	0.8048	0.7983	16,068	79,615
Sep	0.8096	0.8099	-0.0058	0.8099	0.8096	158	1,434
Dec	0.8220	0.8220	-0.0052	0.8220	0.8220	10	823

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6977	0.6919	-0.0058	0.6983	0.6913	21,410	44,690
Sep	0.6995	0.6999	-0.0047	0.6998	0.6993	187	2,139
Dec	0.7075	0.7075	-0.0046	0.7075	0.7075	15	381

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6346	1.6380	+0.0048	1.6380	1.6308	6,588	37,098
Sep	1.6330	1.6330	+0.0022	1.6350	1.6330	30	887
Dec	–	1.6300	+0.0014	1.6320	–	2	101

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

UK clearing bank base lending rate 6 per cent from October 30, 1996

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100% [illegible]

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100% [illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound) [illegible]

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM) [illegible]

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100% [illegible]

■ US TREASURY BILL FUTURES (IMM) $1m per 100% [illegible]

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100% [illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100% [illegible]

BASE LENDING RATES

[illegible]

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

LUXEMBOURG (SIB RECOGNISED)

	Init Charge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
ABN AMRO Funds (x)						
4 Rue Jean Monet, L-2180 Luxembourg 352 4249492335						
Latin America Equity			$80.07	80.97	-	-
North America Equity			$84.04	84.46	-	-
Asian Tigers Equity			$62.42	63.04	-	-
Europe Equity			$81.89	82.40	-	-
Germany Equity			DM169.30	170.75	-	-
Japan Equity			$43.79	44.23	-	-
Europe Bond			$62.88	63.84	-	-
US Bond			$59.11	59.28	-	-
Global Bond			$61.65	61.80	-	-
Germany Bond B			DM111.65	111.93	-	-
Spain Bond			Pts1047	1051.3	-	-
Eastern Europe Equity F			DM231.13	238.91	-	-
China Equity F			$69.76	70.63	-	-
Switzerland Equity			SFr149.83	150.56	-	-
Abtrust Fund Mngrs Luxembourg SA (u)						
4 Boulevard Royal L 2449 Luxembourg 00 352 227001						
Abtrust Atlas Fund						
Global Cap Portfolio			$3.891		+0.004	-
United States Portfolio			$5.718		-0.036	-
Cont Europe Portfolio			DM7.753		-0.046	-
Japan Portfolio			£0.582		+0.007	-
Pacific Portfolio			$6.392		-0.002	-
Gold Portfolio			$6.451		+0.039	-
UK Growth of Income			£2.245		+0.009	3.61
Dollar Portfolio			$1.850		-	7.05
Sterling Portfolio			£1.038		-0.001	6.30
Aetna Master Fund (u) (x)						

	Init Charge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Fidelity Funds - Contd.						
Balanced						
European Balanced			DM14.77		-0.02	1.82
Prices as at April 21						
Fleming Group (u)						
6 Route De Treves L-2633 Senningerberg Luxembourg						
00 352 34101 or 0800 960 264						
Internet: http://www.flemings.lu/						
Fleming Flagship Fund (daily dealing)						
FFF American			$58.15	59.40	-0.68	-
FFF Amer Fled'ling F			$57.98	61.35	-0.83	-
FFF Asian Smaller Cos F			$10.03	10.62	+0.02	-
FFF China			$17.78	18.80	+0.21	-
FFF Continental Europe F			DM43.87	46.35	+0.24	-
FFF DM Balanced F		5	DM11.59	12.26	-0.03	-
FFF DM Bond		3	DM11.19	11.58	-0.02	6.60
FFF Eastern European F			DM29.68	31.39	-0.01	-
FFF Eastern Opps			$21.62	22.87	-0.06	-
FFF Emerging Markets F			$10.42	11.03	+0.07	-
FFF Emerging Markets Debt F			$14.31	15.35	-	-
FFF European			DM44.01	46.56	+0.22	-
FFF European Smlr Cos F			DM26.22	27.74	+0.03	-
FFF Global Conv F			$17.66	18.69	-0.03	-
FFF India H			$10.08	10.65	+0.17	-
FFF Intl Bond F			$13.38	14.15	-0.01	-
FFF Intl Equity F			DM79.83	84.48	+0.01	-
FFF Japanese			$14.20	15.03	+0.07	-
FFF Japanese Smaller Cos F			$5.57	5.89	+0.04	-
FFF Latin American			$13.40	14.17	-0.02	-
FFF Pacific			$21.49	22.73	+0.04	-
FFF Sterling Bond			£1.071	1.133	-0.002	7.50
FFF UK Enterprise			£5.57	5.89	+0.02	-
FFF US Discovery			$40.72	42.87	-0.22	-

	Init Charge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Mercury Asset Management - Contd.						
Mercury Offshore Stg Tst-SICAV (u)						
Global			£1.794	1.888	[illegible]	[illegible]
Overseas			£1.919	2.033	[illegible]	[illegible]
European			£2.542	2.688	[illegible]	[illegible]
Japan			£0.763	0.811	[illegible]	[illegible]
North American			£2.558	2.738	[illegible]	[illegible]
Pacific			£2.122	2.267	[illegible]	[illegible]
United Kingdom			£2.092	2.208	[illegible]	[illegible]
Reserve			£0.855	0.855		
Mercury World Bond Fund - SICAV (u)						
Mercury World Bond			$34.73	36.57	[illegible]	[illegible]
Midland Intl Circuit Fund SICAV(x)						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier Jersey						
UK Growth			£1.532	1.613	[illegible]	[illegible]
European Growth			£1.882	1.982	[illegible]	[illegible]
European Opps			$4.601	4.843	[illegible]	[illegible]
Japan Growth			£0.472	0.709		
Japanese Opps			$1.711	1.802	[illegible]	[illegible]
Pacific Growth			£1.939	2.029	[illegible]	[illegible]
Nth American Growth			£1.826	1.923	[illegible]	[illegible]
American Opps			$3.977	4.187	[illegible]	[illegible]
UK Fixed Interest			£1.202	1.266	[illegible]	[illegible]
Multicurrency Bond			£1.129	1.178		
UK Stg Liquidity			£0.972	0.956		
US$ Liquidity			$1.511	1.591		
For Midland see Luxembourg (Regulated)						
Nikko Global Umbrella Fund						
18 Bld Royal, L-2449 Luxembourg 00 44 171						

[illegible]

OFFSHORE INSURANCES

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd
Pembroke Hall, Pembroke, Bermuda
UK Prof Advisers 0800 414181 Jersey: 01534 71696
Private Clients 0800 414181 00 352 250404235
From O'seas (44) 1732 777377 Hong Kong (852) 848 1000

	Init Charge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
A$ Accum			A$10.612		—	4.90
ASch Accum			Sch251.42		+0.01	2.10
C$ Accum			C$18.891		+0.001	2.00
DM Accum			DM26.881		+0.002	2.20
DFl Accum			Dfl31.931		+0.002	1.80
ECU Accum			Ecu13.860		+0.001	3.00
FFr Accum			FFr67.749		+0.004	2.10
HK$ Accum			HK$123.75		+0.02	4.40
Lire Accum			L24066		—	6.30
NZ$ Accum			NZ$41.279		—	6.40
NKr Accum			NKr113.89		—	1.80
S$ Accum			S$26.287		+0.002	2.10
SPta Accum			Pta2807.3		+0.3	4.90
£ Accum			£13.440		+0.002	5.00
SKr Accum			SKr122.85		+0.01	3.00
SFr Accum			SFr29.463		—	0.60
US$ Accum			$24.027		+0.003	4.60
Yen Accum			Y2801.7		—	0.10

Prices for dealing April 22

Jupiter Asset Management (Bermuda) Ltd
PO Box HM1258, Hamilton, Bermuda 001 809 292 2780
Jupiter Tyndall World Growth Fund Ltd

	Init Charge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
Eurobond			$15.82	16.82	+0.12	4.29
Money			$14.38	15.09	—	2.80
Mortgage			C$24.44	25.59	+0.72	7.06
North American			$13.82	14.52	+0.06	0.00
Overseas			$16.46	17.28	-0.07	0.00
Tiger			$16.28	17.12	-0.22	0.06
UK Small Cos			£1.50	1.59	—	0.00

Newport Investment Management

Rothschild Asset Management - Contd.

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Allied Domecq	♣	428½	-3½	553	407½	4,452	6.9	12.9
Belhaven		[illegible]	—	[illegible]	[illegible]	[illegible]	3.0	16.6
Burn St Dist		[illegible]	—	131	57½	33.6	7.1	14.9
Glenmorangie A		985	—	1040	615	135.3	1.5	27.1
B		1120	—	1140	[illegible]	[illegible]	0.7	61.0
Grand Met	♣	510	+1½	510½	411½	10,740	3.9	16.5
Guinness		[illegible]	+3½	518½	[illegible]	9,751	3.9	14.7
Highland		[illegible]	[illegible]	300	320	448.8	3.1	15.6
5¾pc Cnv Bds		[illegible]		101½	94½	—	—	—
Kirin Y		[illegible]	-2½	[illegible]	[illegible]	5,133	1.2	19.9
Matthew Clark		[illegible]	—	903	255½	257.8	10.6	13.6
Merrydown		91½	—	141	90½	6.97	6.3	12.4
Seagram C$		[illegible]	[illegible]	[illegible]	[illegible]	8,115	1.7	—

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

CHEMICALS - Cont.

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INSURANCE - Cont.

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Old Mutual International (Ireland) Ltd

PO Box 121, St Peter Port, Guernsey

[illegible]

Africa Emerging Markets Fund

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

Footsie up for sixth consecutive session

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

A sprinkling of positive stories in a handful of the FTSE 100 constituents provided the drive for another good day in the London market's leaders and lifted the 100 index for the sixth successive trading session.

A strong start to Wall Street – where the Dow Jones Industrial Average made good progress and posted a 75-point gain an hour after London closed – was another plus for UK stocks.

But the gains in the top stocks were not repeated across the rest of UK equities, where the second liners, represented by the FTSE 250 and the smaller capitalised stocks gave ground.

At the close, the FTSE 100 was 17.4 ahead at 4,346.1, extending the rise over *the last six sessions* to 94.4 or 2.2 per cent. The FTSE 350 on the other hand, ended the day 4.9 lower at 4,513.3 and the SmallCap was finally unaltered at 2,295.6.

*The stock market's old bug*bear, the lack of genuine customer business, remained, however, with turnover again inflated by the continuing big turnover in the newly floated Alliance & Leicester, which now has banking status. Action in the *bank's shares accounted for* around 10 per cent of overall market volume. Turnover at 6pm was 668.4m.

Dealers generally remained unconvinced about the market's *ability to hold on to its recent* gains, pointing to the probability of a Labour government and an interest rate rise following the general election.

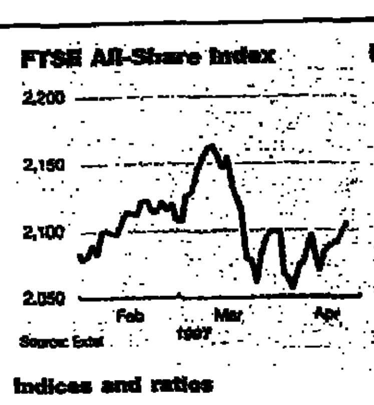
Strategists tended to go along *with that view. One said the mar*ket was becoming increasingly vulnerable to emerging inflationary pressures, which would show up in official figures within the next three months. Another noted that the big institutions were increasingly building up *liquidity, not through selling UK* stocks, but simply by not buying it.

In the background was a market rumour that the Conservatives had picked up strongly in *an opinion poll due for release* this morning, although dealers insisted that any significant rise in the Tory vote would be seen as increasing the likelihood of a hung Parliament. The latter is viewed by most observers as representing the worst possible outcome to the election as far as the stock market is concerned, with months of uncertainty being followed by the possibility of another general election.

Gilts gave no real help to the equity market, finishing marginally easier in front of today's gilts auction of £2bn of five-year stock.

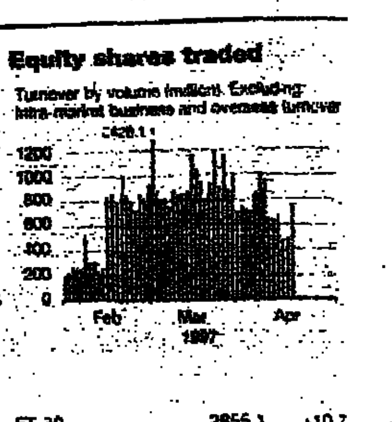
Bank shares remained very much in vogue with Alliance & Leicester's remarkably buoyant debut on Monday followed by a flurry of profit-taking that saw the shares retreat over 6 per cent. Other banks took up the baton, however, with Barclays responding to an encouraging trading update at the AGM. The oil majors were strongly supported after good results from some of the top US oil companies. SmithKline Beecham topped the FTSE 100 performance league following top of the range first-quarter numbers.

FTSE All-Share Index



Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FTSE 100	4346.1	+17.4	FT 30	2855.1	+10.7
FTSE 250	4513.3	–4.9	FTSE Non-Fins p/e	18.23	18.17
FTSE 350	2135.0	+6.3	FTSE 100 Fut Jun	4364.0	+20.0
FTSE All-Share	2104.68	+5.77	10 yr Gilt yield	7.62	7.61
FTSE All-Share yield	3.64	3.64	Long gilt/equity yld ratio	2.09	2.09

Best performing sectors		Worst performing sectors	
1 Oil Integrated	+1.5	1 Tobacco	–1.3
2 Pharmaceuticals	+1.5	2 Electricity	–0.9
3 Household Goods	+1.3	3 Gas Distribution	–0.8
4 Mineral Extraction	+1.3	4 Breweries: Pubs	–0.5
5 Insurance	+1.0	5 Engineering: Vehicles	–0.5

S–Kline leads sector

SmithKline Beecham led the blue chips and the sector higher as the pharmaceuticals group announced strong underlying earnings growth.

The first-quarter figures may not have looked that good on the surface – the pre-tax figure was down at £418m compared with expectations between £420m and £430m.

But when the effects of a strong pound were stripped out underlying earnings were up 18 per cent. "Clearly, the group is set for several years of comfortable double-digit earnings growth," *enthused Mr James* Culverwell of Merrill Lynch.

The shares were up 27 at 933p – back towards their 946½p closing peak – as the figures heralded a beauty *parade from all three sector* leaders.

Zeneca is to give a presentation on its undervalued agrochemicals arm today and SmithKline is to run through its business at a presentation on Thursday. Finally, on May 2, Glaxo Wellcome will give its first big research and development briefing for more than 18 months.

Finally, the three groups benefited from US buying on Monday night. Zeneca closed 25 up at 18.64½p and Glaxo 12 higher at £11.62½p.

Alliance & Leicester contributed heavily to the day's turnover again as another 52m shares went through the system early on following the second flotation auction late on Monday.

The average price bid at Monday's auction was 551p a share, well up on Friday's *522p average. More significantly*, one institution bid for 8.6m shares at 568p. That block represented a 1.5 per cent stake.

There were suggestions – subsequently denied – that the Prudential might have been the buyer. The Pru has long been rumoured to have a keen interest in a building society but the group is also on the record as saying it would not bid for one at current valuations.

Alliance shares fell 33½ to 533p on final volume of 65m shares as Monday's crucifying squeeze slackened.

Automotive-related stocks came under pressure yesterday following news on Monday that UK car production fell 4.6 per cent year on year last month to 141,869 units.

*The list of component sup*pliers to the automotive industry under a cloud included T&N, a penny lighter at 143½p, LucasVarity down 2 at 192p, and GKN, where the shares eased 3 to 940½.

Nikko Securities rates GKN shares a "long term buy" but remains cautious in the short term. In a note to clients earlier this week, analysts at the securities house said: "Short term GKN seems set to be just a market performer. Trading in 1997 will be slowed by the impact of currencies and in 1998 by weaker growth in defence activities."

There was little support for engineering company TI Group, which left the shares trailing the market. They fell 8½ to 542½p to make it the worst performer in the FTSE 100.

Reckitt & Colman, the household goods manufacturer, gained 16 to 823½p after BZW put the shares on the buy list for the first time in five years.

Analyst Mr Steve Plag published research that concentrates on the group's ability to produce double-digit earnings growth.

The recommendation added weight to earlier encouragement from NatWest Securities, which said the shares were 10 per cent undervalued compared with their European counterparts.

Hopes of good first-quarter *figures sent BP and Shell* Transport smartly higher.

The optimism sprang from some positive indications from Exxon and Shell Oil in the US. Shell Oil released top of the range income figures and 30 per cent year on year underlying growth.

BP added 12 at 704p while Shell closed 16½ up at 10.65½p with additional help from a strong underlying oil price.

Several biotech stocks suffered a sharp reversal following news that one of the industry's most important clinical trials this year had ended in failure.

The result related to a US company's multiple sclerosis treatment. But Celltech, which is due to announce data on its septic shock treatment in May, tottered 25 to 557½p, the biggest slide in the FTSE 250 index.

And Cortecs, which should *release information on its* osteoporosis treatment shortly, fell 10 to 263½p.

Building products group Hepworth extended Monday's gains after SBC Warburg was said to have issued a "buy" recommendation. The shares improved 9 or 3.27 per cent to 284½p.

Aggressive selling from a single broker was said to have done the damage in Granada Group. The shares gave up 12 to 877½p, in trade of 2.1m.

Much of the froth in the banking sector, generated by the Alliance & Leicester flotation on Monday, was blown away yesterday, but there remained strong support for Barclays.

The shares moved up 6¼ to £10.35p in the wake of the AGM where the chairman told shareholders the bank had made a good start to the financial year.

NatWest, on the other hand, slipped 3½ to 693½p, in spite a a similarly encouraging progress report from its AGM.

A two-way pull combined *with profit-taking in Premier* Farnell left the shares a penny lighter at 499p. The electronics components distributor announced an 82 per cent increase in underlying annual profits on Monday.

NatWest Securities yesterday recommended the stock.

A broker's recommendation helped Anglo-Dutch group Unilever break through the £16.00p level. Morgan Stanley was said to be the broker recommending the stock. The shares ended the day up 16 at 1610p.

Among retailers DFS Furniture cheered the market by reporting a 23.6 per cent increase in interim figures. The shares jumped 17 to 549½p.

Flying Flowers blossomed 44 to 327½p in the Units after the mail order group flagged profits well above the market range of forecasts. Subsequently, Beeson Gregory hiked its full-year forecast by 20 per cent to £6.1m.

Shares in business services group Hays rose 15 to 540p, with UBS reported to have turned positive on the stock.

News that EMI Group had broken off merger discussions with Seagram, the Canadian drinks and entertainment group, did little to dampen bid speculation.

Speculation continues that Seagram may launch a hostile bid for the UK company while other possible suitors such as Walt Disney, News Corporation and Viacom are thought to be taking a serious look at EMI. The shares put on 26 to 1202½p.

FT 30 INDEX

	Apr 22	Apr 21	Apr 18	Apr 17	Apr 16	Yr ago	*High	*Low
FT 30	2855.1	2844.4	2834.5	2834.1	2836.8	2658.8	2931.4	2668.8
Ord. div. yield	3.88	3.90	3.92	3.92	3.92	3.88	4.22	3.76
P/E ratio net	17.09	17.00	16.93	16.94	16.93	16.77	18.09	15.80
P/E ratio nil	16.91	16.82	16.75	16.75	16.76	16.53	17.87	15.71

FT 30 since compilation: high 2931.4 10/03/97; low 49.4 26/06/40. Base Date: 1/7/35

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2840.9	2848.9	2847.0	2848.2	2852.6	2851.2	2850.5	2850.0	2853.7	2855.1	2840.5

	Apr 22	Apr 21	Apr 18	Apr 17	Apr 16	Yr ago
SEAQ bargains	47,801	55,591	38,573	40,049	42,116	37,550
Equity turnover (£m)†	-	NA	1977.3	1890.2	1734.7	2067.5
Equity bargains†	-	NA	38,883	37,568	37,090	46,684
Shares traded (ml)†	-	NA	680.4	765.5	491.2	966.6

†Excluding intra-market and overseas turnover but including Crest turnover.

	Apr 22	Apr 21	Apr 18	Apr 17	Apr 16	Yr ago	*High	*Low
FTSE AIM	1089.2	1092.5	1090.7	1089.7	1087.1	1039.5	1140.4	965.7

 *For 1997.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	392	Total Highs	36	Total contracts	49,670
Total Falls	609	Total Lows	53	Calls	34,642
Same	1,402			Puts	15,028

Apr 22 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	4340.0	4363.0	+19.0	4368.0	4338.0	10547	62152
Sep	4391.0	4389.0	+19.0	4391.0	4391.0	6	2901
Dec	-	4429.0	+19.0	-	-	0	40

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	-	4515.0	-5.0	-	-	0	4841

■ FTSE 100 INDEX OPTION (LIFFE) (*4346) £10 per full index point

	4150 C	4150 P	4200 C	4200 P	4250 C	4250 P	4300 C	4300 P	4350 C	4350 P	4400 C	4400 P	4450 C	4450 P	4500 C	4500 P
May	216	11½	172½	19½	131	27	94	40	62½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	252	37	210½	48½	171½	59½	137½	76	108	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jul	278½	53½	240	66	200½	78	168	95	136½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aug	282	68	253½	80	218	96	187½	114½	158	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec†			339	123			275	158½			[illegible]	[illegible]				

Calls 2,083 Puts 2,906

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4175 C	4175 P	4225 C	4225 P	4275 C	4275 P	4325 C	4325 P	4375 C	4375 P	4425 C	4425 P	4475 C	4475 P	4525 C	4525 P
May	193½	15	151	22½	111	32½	78	47	48½	69½	28	98½	14	134½	6½	176½
Jun	228½	42½	190	53½	154½	67	121½	84	93½	105	69	130½	49	160	33	183½
Jul	255	56	218	68	183	82½	150½	99½	121	119	95½	142½	73	168½	54	200
Sep			259½	98			194	131½			139	174½			95½	226
Dec†			322½	126½			258	157½			280	195			159	252½

Calls 26,122 Puts 4,849 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	1997 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
*	F.P.	3,102	576	532½	Alliance & Leic	533	-33½	L16.3	2.5	3.8	13.1
§100	F.P.	25.0	100	99	Aurora Inv Trust	100		-	-	-	-
§100	F.P.	66.0	103½	86½	†Avalon Oil	88½		-	-	-	-
	F.P.	762.8	142½	124	Avis Europe	131	-1	N4.12	2.7	3.1	14.9
§	F.P.	5.87	44½	38½	†Bickerton	39½		-	-	-	21.5
§40	F.P.	12.2	65	54½	†Charlton Athltc	58		-	-	-	-
	F.P.	38.0	95	95	Close Bros Pr VCT	95		-	-	-	-
§	F.P.	11.3	74½	70½	Donatantonio	74½		0.5	φ	0.8	φ
§175	F.P.	54.8	207½	175	Harvey Nash	196½	-3½	F4.0	-	2.5	-
§175	F.P.	25.9	212½	198	Heal's	212½		L3.9	3.1	2.3	15.5
§44	F.P.	4.06	50	46	†Methven's	48		-	-	-	-
50	F.P.	20.6	54½	52½	†NMT	52½		-	-	-	-
§135	F.P.	173.3	144½	114	Newcastle Utd	121	+3½	u1.6	-	1.7	-
*	F.P.	1.71	29½	28½	†Northstar Secs	28½		-	-	-	-
	F.P.	4.75	95	95	Oxford Tech Vent	95		-	-	-	-
-	F.P.	39.5	16	12½	†Sibir Energy	15½		-	-	-	-
-	F.P.	12.4	107½	107½	†Torch Hldgs	107½		-	-	-	-
-	F.P.	73.4	61½	59	Utd Overseas Grp	61½		-	-	-	13.1
§	F.P.	-	177	177	Worldsec	177		-	-	-	-

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FTSE GOLD MINES INDEX

	Apr 21	% chg on day	Apr 18	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (32)	1546.39	+0.5	1538.60	2242.12	2.16	–	2382.98	1537.77
■ Regional Indices								
Africa (14)	1842.16	+0.6	1830.67	3033.82	4.85	29.16	3197.52	1830.67
Australasia (6)	1876.36	+1.7	1845.36	2581.17	2.84	20.54	2844.14	1799.26
North America (12)	1423.43	+0.2	1419.97	1967.63	0.94	55.55	2126.45	1413.59

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Apr 22	Day's chge%	Apr 21	Apr 18	Apr 17	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4346.1	+0.4	4328.7	4310.5	4298.9	3833.0	3.72	2.08	16.19	62.29	1844.54
FTSE 250	4513.3	–0.1	4518.2	4517.7	4524.9	4540.1	3.56	1.54	22.87	52.27	1871.21
FTSE 250 ex IT	4554.6	–0.1	4560.2	4560.3	4567.4	4577.2	3.64	1.56	21.98	53.70	1893.27
FTSE 350	2135.0	+0.3	2128.7	2121.5	2117.7	1938.5	3.68	1.97	17.22	29.38	1850.11
FTSE 350 Higher Yield	2068.8	+0.2	2065.0	2057.1	2054.4	1869.7	4.77	1.85	14.17	34.17	1516.72
FTSE 350 Lower Yield	2207.2	+0.4	2198.0	2191.7	2186.6	2010.8	2.58	2.20	22.03	24.22	1587.53
FTSE SmallCap	2295.65	.....	2295.65	2296.04	2299.38	2200.29	3.04	1.69	24.27	23.87	1937.91
FTSE SmallCap ex IT	2308.57	.....	2308.18	2309.28	2312.16	2189.36	3.23	1.77	21.89	25.45	1964.34
FTSE All-Share	2104.68	+0.3	2098.91	2092.44	2089.10	1916.89	3.64	1.95	17.61	28.42	1850.98

■ FTSE Actuaries Industry Sectors

	Apr 22	Day's chge%	Apr 21	Apr 18	Apr 17	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(20)	4073.60	+1.3	4023.00	3998.94	3981.47	3489.16	3.86	2.15	15.89	70.25	1816.98
12 Extractive Industries(5)	*4060.96*	.....	*4062.27*	*4067.37*	*4037.68*	*4665.57*	*3.86*	*2.39*	*13.59*	*104.80*	*1247.42*
15 Oil, Integrated(3)	4194.11	+1.5	4130.65	4102.59	4080.53	3483.56	3.67	2.11	15.30	70.72	1921.67
16 Oil Exploration & Prod(12)	3475.74	+0.6	3455.70	3448.21	3474.75	2488.37	1.66	2.19	34.32	34.64	2127.45
20 GEN INDUSTRIALS(270)	1969.68	.....	1970.37	1971.22	1974.10	2162.32	4.05	1.92	16.05	26.29	1116.55
21 Building & Construction(35)	1353.83	+0.3	1350.24	1351.27	1350.26	1260.27	3.18	1.91	20.61	19.55	1172.93
22 Building Matls & Merchs(31)	1891.80	–0.1	1892.89	1883.69	1875.76	1985.88	4.24	2.78	10.61	29.04	998.09
23 Chemicals(26)	2238.80	+0.4	2228.81	2231.07	2238.36	2591.22	4.89	1.58	16.83	38.84	1105.18
24 Diversified Industrials(16)	1460.28	+0.4	1455.05	1457.66	1457.19	1813.33	4.94	2.05	12.34	28.04	860.08
25 Electronic & Elect Equip(38)	2147.91	–0.3	2153.32	2150.15	2173.79	2415.23	3.66	1.56	21.91	8.12	1144.92
26 Engineering(70)	2549.21	–0.3	2557.49	2566.45	2564.52	2494.10	3.32	2.46	15.31	29.53	1595.39
27 Engineering, Vehicles(13)	2773.71	–0.5	2787.98	2784.59	2795.73	3047.03	4.01	‡	‡	27.83	1478.96
28 Paper, Pckg & Printing(27)	2444.38	+0.1	2442.78	2445.54	2459.22	2815.83	4.28	1.86	15.71	39.50	1059.05
29 Textiles & Apparel(14)	1092.37	–0.2	1094.52	1098.38	1098.56	1488.15	6.45	0.95	20.50	10.66	897.97
30 CONSUMER GOODS(94)	4253.98	+0.7	4224.38	4205.19	4203.12	3534.39	3.56	1.82	19.23	74.34	1637.81
32 Alcoholic Beverages(7)	2961.12	+0.2	2954.76	2931.17	2910.91	2859.44	4.44	1.89	14.93	82.25	1120.92
33 Food Producers(25)	2879.57	+0.2	2874.07	2863.79	2860.72	2543.20	3.83	1.87	17.43	48.97	1385.69
34 Household Goods(17)	2900.81	+1.3	2862.85	2849.65	2850.48	2899.16	3.56	2.31	15.20	53.41	1192.43
36 Health Care(15)	2228.83	–0.3	2234.44	2235.93	2234.15	1975.38	2.86	1.63	28.70	13.36	1385.46
37 Pharmaceuticals(18)	6760.83	+1.5	6661.62	6617.17	6609.33	4954.84	2.73	1.72	26.66	94.85	2369.79
38 Tobacco(2)	4353.00	–1.3	4410.85	4441.61	4497.54	4328.62	6.22	1.89	10.63	147.58	1158.71
40 SERVICES(273)	2620.83	+0.1	2617.61	2612.71	2608.93	2530.77	2.96	1.97	21.48	26.31	1403.78
41 Distributors(30)	2743.25	.....	2743.88	2733.10	2724.12	2969.48	3.34	1.95	19.21	29.61	1042.78
42 Leisure & Hotels(31)	3395.06	–0.3	3404.43	3402.87	3409.90	3251.29	2.68	1.78	26.47	56.97	1877.80
43 Media(44)	4198.71	+0.3	4185.91	4188.06	4185.16	4237.73	2.34	1.98	26.96	54.82	1557.78
44 Retailers, Food(15)	2016.34	+0.4	2008.15	2000.19	1976.93	1940.96	4.00	2.30	13.63	22.51	1327.76
45 Retailers, General(53)	2073.85	+0.1	2071.73	2063.58	2062.90	2108.91	3.21	2.03	19.12	14.02	1219.69
47 Breweries, Pubs & Rest.(22)	3243.46	–0.5	3261.17	3258.20	3225.69	3167.74	3.35	2.10	17.78	17.33	1600.09
48 Support Services(56)	2864.79	+0.5	2851.31	2846.94	2850.19	2266.94	1.85	2.59	26.13	17.09	1860.36
49 Transport(22)	2797.16	+0.2	2792.44	2785.52	2800.97	2478.43	3.48	1.27	28.41	29.85	1208.55
60 UTILITIES(32)	2742.19	–0.2	2747.23	2739.86	2750.24	2660.66	4.89	1.54	16.66	5.34	1246.24
62 Electricity(9)	2966.79	–0.9	2994.83	2996.09	3015.29	3067.85	5.83	2.18	9.84	22.08	1638.68
64 Gas Distribution(2)	1613.27	–0.8	1626.73	1641.87	1665.42	1665.27	7.58	‡	‡	0.00	882.74
66 Telecommunications(9)	2286.43	+0.4	2278.42	2264.88	2264.66	2177.83	3.64	1.70	20.20	0.38	1079.57
68 Water(12)	2534.73	–0.3	2542.74	2530.14	2544.12	2245.61	5.89	2.33	9.12	0.00	1466.00
69 NON-FINANCIALS(679)	2163.40	+0.3	2156.41	2150.68	2150.06	2050.76	3.67	1.87	18.23	26.38	1707.06
70 FINANCIALS(109)	3842.09	+0.1	3837.03	3817.92	3790.81	2881.61	3.73	2.35	14.29	75.05	1728.80
71 Banks, Retail(8)	5659.68	–0.1	5662.85	5617.71	5552.15	3954.51	3.53	2.65	13.36	122.52	1835.22
73 Insurance(19)	1645.20	+1.0	1628.59	1628.81	1631.35	1389.68	5.24	2.30	10.36	37.61	1302.57
74 Life Assurance(7)	4511.19	.....	4510.28	4501.72	4485.44	3676.31	3.90	1.97	16.27	96.19	1959.79
77 Other Financial(29)	3077.10	+0.3	3067.14	3068.40	3072.03	2801.29	3.39	1.90	19.42	34.22	1818.22
79 Property(44)	1859.58	+0.3	1853.26	1854.45	1857.28	1568.89	3.44	1.31	27.87	13.53	1183.95
80 INVESTMENT TRUSTS(127)	3226.28	.....	3228.50	3223.95	3228.80	3264.40	2.27	1.14	48.47	23.37	1151.67
89 FTSE All-Share(912)	2104.68	+0.3	2098.91	2092.44	2089.10	1916.89	3.64	1.95	17.61	28.42	1850.98
FTSE Fledgling	1306.35	–0.1	1307.93	1307.74	1306.06	1225.37	3.01	0.79	52.42	11.48	1402.15
FTSE Fledgling ex IT	*1331.83*	*–0.1*	*1333.32*	*1333.37*	*1331.34*	*1231.20*	*3.30*	*0.76*	*48.67*	*12.66*	*1432.68*

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4319.4	4333.8	4333.5	4336.1	4344.8	4341.4	4341.7	4339.7	4346.1	4346.7	4319.2
FTSE 250	4512.0	4513.1	4519.4	4513.3	4512.3	4513.1	4513.3	4512.4	4512.8	4519.6	4511.4
FTSE 350	2124.4	2130.2	2130.1	2131.1	2134.4	2133.1	2133.3	2132.4	2134.9	2135.1	2124.3

Time of FTSE 100 Day's high: 11:48 AM Day's low: 8:32 AM. FTSE 100 1996/97 High: 4444.3 (11/03/97) Low: 3632.3 (24/12/96).

■ FTSE 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1253.6	1253.4	1253.4	1253.5	1252.1	1252.4	1252.4	1252.2	1252.4	1252.4	1255.0	-2.6
Pharmaceuticals	6573.0	6608.5	6631.3	6639.9	6675.4	6647.8	6669.2	6651.3	6693.6	6679.6	6578.5	+101.1
Water	2528.6	2538.3	2540.1	2539.0	2535.6	2535.6	2534.2	2530.6	2530.1	2530.1	2538.3	-8.2
Banks, Retail	5700.7	5729.5	5720.3	5719.0	5748.8	5743.0	5735.4	5729.0	5736.5	5731.8	5735.2	-3.3

For further information on the FTSE Actuaries Share Indices please contact FTSE International on 0171 448 1810. "FT-SE" and "Footsie" are trade marks of the London Stock Exchange and The Financial Times and are used by FTSE International under licence. † Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative.

FTSE INTERNATIONAL

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	509	499½	-
ASDA Group†	4,800	111½	+¼
Abbey National†	3,100	800	-4½
Airtours	197	1023½	-1
Albert Fisher	2,000	42¼	-
Allied Domecq†	2,600	438½	-3½
Anglian Water	1,500	649½	-½
Argos	863	657½	+3
Arjo Wiggins	329	186½	-1
Assoc. Brit. Foods†	231	520	-1
Assoc. Brit. Ports	3,500	283½	+8
BAA†	1,200	532½	-4
BAT Inds.†	3,700	520	-7
BBA	942	345½	-1
BICC	651	255	-3½
BOC†	1,700	907½	-1½
BG†	2,800	181½	-2
BP†	9,030	704	+12½
BPB	851	311½	+1½
BSkyB†	2,700	573	-½
BT†	21,300	434	+2½
BTR†	7,600	251½	-1
Bank of Scotland†	3,630	339	-1½
Barclays†	4,500	1035	+6½
Bass†	1,200	784	-6½
Blue Circle†	2,600	423	-1½
Booker	260	321½	-
Boots†	613	689½	-2
Britannic	42	821	+2
Brit. Aerospace†	199	1352½	+11½
British Airways†	2,000	683	+7½
British Biotech	1,400	236	-4
British Energy	2,700	134½	-
British Land†	816	538	-11
British Steel†	4,600	145½	-¼
Burmah Castrol†	125	1005½	-1
Burton†	1,100	149¼	-½
Cable & Wire†	2,700	473	-4½
Cadbury Schweppes†	5,400	534	-2½
Caradon	1,100	251	-5½
Carlton Comms.†	898	528½	-6½
Centrica†	8,000	58¼	-
Chubb	3,100	423½	-1½
Coats Viyella	1,200	136	-2
Comm. Union†	1,800	640	+3½
Compass	454	670½	-2
Cookson	352	218	-2½
Courtaulds	179	330½	-1
Dalgety	120	327	-1
De La Rue	679	535	-1½
Dixons†	3,700	511½	-3½
EMAP	257	752½	-6
EMI†	1,700	1202½	+26
Electrocomps	873	415	-3
Energy Group†	1,400	492½	-5½
Enterprise Oil†	2,400	612½	+9
FKI	379	183	-½
Foreign & Col. I.T.	1,300	151½	+¼
Gen. Accident†	778	811	+11
General Elect.†	2,200	371½	-
Glaxo Wellcome†	6,000	1162½	+12
Glynwed	92	278½	-½
Granada†	2,100	877½	-12
Grand Met.†	3,800	510	+1½
GUS†	1,700	660	+8
Greenalls	401	517½	-2½
GRE†	1,700	278	-2½
GKN†	472	940½	-3
Guinness†	4,400	516½	+3½
HSBC (75p shs)†	3,100	1542½	+3½
Hammerson	30	430	-
Hanson†	2,600	300	+½
Harrisons Crosfield	320	123½	+½
Hays†	3,100	540	+15
Hillsdown	175	189½	-1½
Hyder	230	822½	-11
IMI	1,900	378½	-2
ICI†	3,100	704½	+7
Imperial Tobacco†	2,300	415½	-5
Inchcape	1,500	268½	+3
Johnson Matthey	280	516	-6½
Kingfisher†	2,600	682½	-2
Kwik Save	4	302½	-
Ladbroke†	1,100	235	-1
Land Securities†	572	780	-1½
Laporte	540	666	+15
Legal & General†	5,500	385	-1
Lloyds TSB†	7,200	531	-2½
LASMO†	2,200	229½	+½
Lonrho	2,400	138½	+½
LucasVarity†	2,260	192	-2
MEPC	2,900	470	+13
MFI	1,500	139	-4
Marks & Spencer†	4,000	499½	-
Mercury Asset Mgmt†	150	1277	+9½
Morrison (Wm.)	615	163½	+½
NFC	587	143	-
NatWest Bank†	3,500	693½	-3½
National Grid†	2,600	219½	-2
National Power†	3,500	521½	-4½
Next†	2,400	652½	+½
Northern Foods	375	211½	-1
Orange†	1,300	214½	-½
Pearson†	331	728½	-
P & O†	934	610	+2½
Pilkington	7,600	115	-3
PowerGen†	3,000	642	-7
Premier Farnell	664	499	-1
Provident Financial	495	563½	-2
Prudential†	1,500	573	-1½
REXAM	525	317½	-1½
RMC†	199	938½	-6½
RTZ†	1,300	959½	+½
Racal	1,100	248	+½
Railtrack†	1,800	447	+½
Rank Group†	2,200	433½	+8
Reckitt & Colman†	10,700	823½	+16
Redland	976	351½	+5
Reed Intl.†	874	1136	+4½
Rentokil Initial†	1,200	400½	+1½
Reuters†	3,300	594½	+7
Rolls Royce†	3,600	247	-3
Royal & Sun Alliance†	3,300	453	+7½
Royal Bk Scotland†	1,300	562	+8
Safeway†	1,000	346½	+2
Sainsbury†	2,100	329	-1
Schroders†	175	1525	+7½
Scottish & New.†	732	679½	-1½
Scot. Hydro-Elect.	2,200	378	-5½
Scottish Power†	640	372½	-1½
Sears	585	79½	-
Securicor	483	288½	+1½
Sedgwick	538	126	-
Severn Trent†	610	750	-
Shell Transport†	6,900	1065½	+14
Siebe†	1,800	941½	-3½
Slough Ests.	537	264½	+½
Smith (W.H.)	352	438½	-½
Smith & Nephew†	892	176¼	-¼
SmKl Beecham†	5,100	933	+27
Smiths Inds.†	1,100	750	+1
Southern Elect	581	415½	-11½
South West Water	361	670½	-2
Stagecoach	149	601	-2½
Standard Chartd.†	767	869	-5½
Storehouse	2,400	232½	-3
T&N	1,300	163½	-1
TI Group†	791	542½	-8½
Tarmac	5,100	117½	-1
Tate & Lyle†	810	444½	+½
Taylor Woodrow	100	190	+½
TeleWest Comms	2,600	85½	-3
Tesco†	2,600	365½	+4
Thames Water†	1,500	679½	+2
Thorn	409	162½	+1
Tomkins†	3,100	265½	-
Unigate	54	430	-
Unilever†	1,800	1610	+16
United Biscuits	656	223	-4
Utd. News & Media†	729	729½	+9½
United Utilities†	782	636	-2½
Vodafone†	6,200	274	+3½
WPP	936	250½	-
Wessex Water	137	377½	-1
Whitbread†	852	769½	-8
Williams Hldgs.	5,600	314	-½
Willis Corroon	267	147	-
Wimpey†	456	139	-
Wolseley†	568	500	-1½
Yorkshire Elect	429	929½	-
Yorkshire Water	671	363½	-4
Zeneca†	1,800	1864½	+25

Based on trading volumes for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FTSE 100 index constituent. [illegible]

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PHARMACEUTICALS - Cont.

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TEXTILES & APPAREL - Cont.

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ɸ Figures or report awaited
- Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
r Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1997-98.
N Dividend is paid in whole or part as a

FD (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion.

NEW YORK STOCK EXCHANGE PRICES

4 pm close April 22

- A -

1997 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
30⅜	24¼	AAR	0.48	1.6	23	316	30	29⅞	30	+⅛
43	33⅛	AMP	1.04	3.0	26	8341	35⅛	34⅛	34⅞	+⅜
90⅞	78¼	AMR			7	6970	89¼	87¾	88⅞	+1½
37⅝	33⅛	ASA	1.20	3.7	21	487	33⅛	d32⅞	32½	-⅞
60½	49¾	AbbtL x	1.08	1.8	24	17411	u61⅛	58¾	60⅞	+1⅝
17½	14⅛	Abitibi Pr	0.40	2.5	8	813	15¾	15⅝	16¾	
19¾	17⅜	ABM Ind x	0.40	2.2	16	88	18¼	17⅞	18⅛	
23	17¾	Acpmcalo			9	39	18¾	18⅝	18⅝	
66⅛	56⅛	ACE Ltd	0.72	1.2	10	617	60¾	59¾	59⅞	-⅝
10⅜	10	ACM Gvt In	0.90	8.9	11	113	10¼	10⅛	10½	
7⅝	7	ACM GvOpp	0.63	8.5		34	7⅜	7⅜	7⅜	
9⅞	9¼	ACM Man	0.90	9.4		583	9⅝	9½	9⅝	+⅛
10⅞	6¾	Acme Elect				70	6⅝	6⅜	6½	+⅛
30	14	Acme Mills			60	81	14	d13⅞	13⅞	-⅛
33	27¼	Acordia	0.80	2.5	15	158	31¾	31½	31¾	
29¾	21⅛	Acuson				1879	23	22	23	+1
21	19⅝	Adams Expr	0.55	2.7	1	227	20¼	20⅛	20¼	
48½	24⅞	AdvMic				22785	37¾	35	37¾	+2⅛
15	10⅜	Advest Grp	0.03	0.2	9	52	12⅝	12⅜	12⅝	+¼
14⅝	11⅜	Advo Inc			27	330	12	11⅞	12	+⅛
73⅝	61⅛	Aegon	1.45	2.0	20	1037	71½	70¾	71½	-¼
5⅛	3⅛	Aeriix				172	3½	3⅜	3⅜	-⅛

Continued on next page

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 22 / Sch)

BELGIUM/LUXEMBOURG (Apr 22 / Frs.)

CZECH REP (Apr 22 / Korana)

DENMARK (Apr 22 / Kr)

FINLAND (Apr 22 / Mka)

FRANCE (Apr 22 / Frs.)

GERMANY (Apr 22 / Dm.)

GREECE (Apr 22 / Drachma)

ITALY (Apr 22 / Lire)

NETHERLANDS (Apr 22 / Fls.)

NORWAY (Apr 22 / Kroner)

POLAND (Apr 22 / Zloty)

PORTUGAL (Apr 22 / Escudo)

SPAIN (Apr 22 / Pta.)

SWEDEN (Apr 22 / Kronor)

SWITZERLAND (Apr 22 / Frs.)

TURKEY (Apr 17 / Tk Lira)

PACIFIC

JAPAN (Apr 22 / Yen)

AUSTRALIA (Apr 22 / Aus$)

HONG KONG (Apr 22 / H.K.$)

INDONESIA (Apr 22 / Rupiah)

MALAYSIA (Apr 22 / MYR)

NEW ZEALAND (Apr 22 / NZ $)

SINGAPORE (Apr 22 / S$)

SOUTH KOREA (Apr 22 / Won)

TAIWAN (Apr 22 / TW $)

THAILAND (Apr 22 / Baht)

AFRICA

SOUTH AFRICA (Apr 22 / Rand)

NORTH AMERICA

CANADA

TORONTO (Apr 22 / Can $)
4 pm close

MONTREAL (Apr 22 / Can $)
4 pm close

INDICES

	Apr 22	Apr 21	Apr 18	1997 High	1997 Low
Argentina					
General(29/12/77)	(u)	19926.87	20019.50	21851.32 24/2	18237.37 2/1
Australia					
All Ordinaries(1/1/80)	2447.5	2445.8	2442.4	2501.70 18/2	2352.28 1/4
All Mining(1/1/80)	898.1	901.0	893.8	987.18 24/2	878.40 16/4
Austria					
Credit Aktien(30/12/84)	403.08	400.88	399.39	418.23 11/3	374.40 9/1
Traded Index(2/1/91)	1199.17	1194.14	1191.93	1258.43 11/3	1130.22 9/1
Belgium					
BEL20(1/1/91)	2186.43	2183.20	2171.71	2220.77 11/3	1971.08 3/1
Brazil					
Bovespa(29/12/83)	(u)	(c)	9422.0	9837.00 7/4	6955.59 2/1
Canada					
Metals Minls♦(1975)	(u)	5109.38	5141.17	5801.75 10/3	4945.86 11/4
Composite♦(1975)	(u)	5797.70	5826.30	6332.90 10/3	5579.30 14/4
Portfolio§§(4/1/83)	(u)	2938.02	2949.90	3214.18 10/3	2848.02 11/4
Chile					
IGPA Gen♥(31/12/80)	(u)	5345.59	5371.88	5443.52 25/2	4912.42 3/1
Denmark					
CopenhagenSE(3/1/83)	537.46	534.49	533.00	565.49 11/3	470.14 2/1
Finland					
HEX General(28/12/90)	2828.17	2839.13	2823.83	3008.38 11/3	2483.28 2/1
France					
SBF 250(31/12/90)	1700.69	1705.91	1722.61	1815.38 10/3	1533.19 2/1
CAC 40(31/12/87)	2514.67	2522.97	2547.58	2709.21 10/3	2258.97 2/1
Germany					
FAZ Aktien(31/12/58)	1157.81	1151.95	1158.10	1192.09 11/3	988.21 2/1
Commerzbank(1/12/53)	3385.4	3364.3	3387.30	3422.20 27/3	2875.90 2/1
DAX‡(30/12/87)	3340.33	3347.58	3344.39	3460.58 11/3	2848.77 2/1
Greece					
Athens SE(31/12/80)	1432.87	1441.04	1428.07	1453.80 28/2	954.54 2/1
Hong Kong					
Hang Seng(31/7/64)	12580.85	12626.04	12541.18	13868.34 20/1	12055.17 3/4
India					
BSE Sens.(1979)	3800.63	3799.79	(c)	3944.81 4/3	3225.24 2/1
Indonesia					
Jakarta Comp.(10/8/82)	645.24	642.26	(c)	712.80 28/2	631.27 15/4
Ireland					
ISEQ Overall(4/1/88)	3008.51	3010.01	3019.34	3050.88 11/3	2725.07 2/1
Italy					
Banca Comm Ital(1972)	766.80	770.68	770.18	797.71 10/2	642.56 2/1
MIB General(2/1/97)	1153.0	1158.0	1158.0	1197.00 10/2	991.00 2/1
Japan					
Nikkei 225(16/5/49)	18544.45	18551.88	18352.14	19446.80 6/1	17303.65 10/1
Nikkei 300(1/10/82)	271.88	272.12	268.88	282.45 6/1	251.04 27/1

	Apr 22	Apr 21	Apr 18	1997 High	1997 Low
Japan					
Topix(4/1/68)	1405.58	1404.70	1388.86	1480.86 6/1	1320.82 10/4
2nd Section(4/1/68)	1631.82	1608.27†	1572.53	1829.21 6/1	1518.58 15/4
Malaysia					
KLSE Comp.(4/4/86)	1120.50	1127.60	(c)	1271.57 25/2	1086.67 15/4
Mexico					
IPC(Nov 1978)	(u)	3758.54	3788.43	3838.89 25/2	3369.46 2/1
Netherland					
CBS TtlRtnGen(End 83)	866.9	862.2	859.0	885.78 11/3	730.80 2/1
CBS All Shr(End 83)	507.4	504.6	505.0	519.89 11/3	428.08 2/1
New Zealand					
Cap. 40(1/7/86)	2250.84	2252.30	2257.31	2440.21 20/1	2207.48 1/4
Norway					
Oslo SE(Ind)(2/1/83)	1858.50	1851.08	1822.49	1941.49 20/2	1639.03 2/1
Philippines					
Manila Comp(2/1/85)	2860.45	(c)	2844.98	3447.60 3/2	2860.45 22/4
Portugal					
BTA 30(4/1/93)	2641.87	2626.65	2625.46	2643.18 11/3	2165.57 2/1
Singapore					
SES All-S'pore(2/4/75)	499.81	501.22	(c)	573.03 17/2	499.81 22/4
South Africa					
JSE Gold(28/9/78)	1263.3♥	1257.6	1247.7	1588.10 27/2	1247.70 18/4
JSE Ind.(28/9/78)	8374.5♥	8338.8	8311.3	8425.82 25/2	7858.50 2/1
South Korea					
KoreaCompEx**(4/1/80)	687.96	697.34	695.67	721.08 14/2	611.05 7/1
Spain					
Madrid SE(30/12/85)	498.36	494.36	491.16	498.36 22/4	434.54 2/1
Sweden					
AffarsvarldnsGen(1/2/37)	2654.5	2673.6	2688.5	2832.40 10/3	2378.80 2/1
Switzerland					
Swiss Bk Ind(31/12/58)	2260.45	2235.44	2237.56	2260.45 22/4	1817.85 13/1
SBC General(1/4/87)	1578.51	1573.12	1561.68	1578.51 22/4	1318.14 6/1
Taiwan					
WeightedPr.**(30/6/66)	8430.62	8421.87	8328.53	8665.82 9/4	6844.75 6/1
Thailand					
Bangkok SET(30/4/75)	691.16	694.21	700.23	858.97 22/1	676.88 6/3
Turkey					
IMKB Nat 100(1986)	(c)	(c)	(c)	1854.88 21/3	905.00 2/1
WORLD					
MS Capital Intl$(1/1/70)	818.4*	818.4	817.5	854.48 25/2	794.50 14/4
CROSS-BORDER					
Eurotrack 100(26/10/90)	2184.58	2185.17	2187.55	2231.82 11/3	1863.89 2/1
Euro Top-100(26/6/90)	1853.54	1855.67	1854.14	1884.47 11/3	1582.86 2/1
HSBC JC Drgn(31/12/88)	(u)	380.08	387.11	429.46 20/1	383.78 15/4
MS Emgs Emg(7/1/92)	172.80	173.23	172.50	181.33 28/2	159.74 3/1

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
CAC-40 (200 x index)							
Apr	2535.0	2515.0	-7.0	2539.0	2488.0	16,290	25,399
May	2522.0	2501.5	-7.0	2523.5	2477.5	1,017	5,495
DAX							
Jun	3330.0	3362.0	+24.0	3373.5	3325.0	18,128	-
Sep	3383.5	3387.0	+9.0	3393.0	3363.5	89	-
OMX							
Apr	2053.00	2053.00	-7.00	2074.00	2044.50	8,442	14,320
May	2052.00	2044.00	-7.50	2062.25	2036.00	4,314	9,985
SOFFEX							
May	4726.0	4742.0	+28.0	4757.0	4725.0	3,487	22,870
Jun	-	4727.0	+28.0	-	-	2	839

** Sat Apr 19: Taiwan Weighted Price 8302.25; Korea Comp Ex 700.85. Base values of all indices are 100 except: Australia All Ord and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp/Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; IMKB Nat 100 - 1; NYSE All Common - 50; Standard & Poor's - 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Apr 22 - 3348.90 +20.48. † Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ± Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

US INDICES

Dow Jones	Apr 21	Apr 18	Apr 17	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	6660.21	6703.55	6658.60	7085.16 (11/3)	6391.69 (11/4)	7085.16 (11/3/97)	41.22 (8/7/32)
Home Bonds	101.59	101.65	101.45	109.68 (19/2)	101.09 (14/4)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2486.85	2501.33	2493.63	2501.33 (18/4)	2222.07 (2/1)	2501.33 (18/4/97)	13.23 (8/7/32)
Utilities	212.06	213.18	212.20	240.85 (22/1)	210.87 (14/4)	256.46 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 6768.17 (6749.71) Low 6584.38 (6616.46) (Theoretical♦)
Day's high 6721.21 (6711.98) Low 6615.86 (6657.40) (Actual♦)

Standard and Poors	Apr 21	Apr 18	Apr 17	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	760.37	766.34	761.77	816.29 (18/2)	737.01 (2/1)	816.29 (18/2/97)	4.40 (1/6/32)
Industrials♥	896.64	902.55	895.42	959.98 (18/2)	865.42 (11/4)	959.98 (18/2/97)	3.52 (30/6/32)
Financial	84.16	85.37	85.77	97.25 (10/3)	80.75 (2/1)	97.25 (10/3/97)	7.13 (4/9/74)
NYSE Comp.	398.40	402.64	400.65	427.70 (10/3)	389.47 (11/4)	427.70 (10/3/97)	4.64 (25/4/42)
Amex Comp.	551.47	556.01	555.52	588.83 (10/3)	551.47 (21/4)	617.81 (22/5/96)	524.20 (16/7/96)
NASDAQ Cmp	1203.95	1222.57	1217.07	1388.06 (22/1)	1201.00 (2/4)	1388.06 (22/1/97)	54.87 (3/10/74)

RATIOS

	Apr 18	Apr 11	Apr 4	Year ago
Dow Jones Ind. Div. Yield	1.82	1.94	1.97	2.17
	Apr 16	Apr 9	Apr 2	Year ago
S & P Ind. Div. yield	1.82	1.83	1.86	1.90
S & P Ind. P/E ratio	21.85	21.72	21.45	21.13

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Philip Mrrs	7,468,000	42⅝	-2
Portugal Tl	5,857,000	36⅝	+⅝
Silicon Gr	4,131,000	14⅛	+1⅛
Chase Man	3,572,000	85½	-2
Compaq	3,501,380	74⅛	+2
Micron Tech	3,278,100	35⅝	-¼
Exxon	2,964,800	53⅝	-⅛
Coca Cola	2,954,100	58⅞	-¾
Seagate Tec	2,918,100	43	-1⅜
AT & T	2,655,400	33	-¼

TRADING ACTIVITY

● Volume (million)	Apr 21	Apr 18	Apr 17
New York SE	397.293	472.327	505.070
Amex	17.175	16.815	16.490
NASDAQ	557.124	586.280	611.932
NYSE			
Issues Traded	3,317	3,277	3,287
Rises	907	1,505	1,300
Falls	1,660	928	1,195
Unchanged	750	844	792
New Highs	44	39	40
New Lows	59	38	56

	Open	Latest	Change	High	Low	Est. vol.	Open int.
S&P 500							
Jun	764.05	765.20	+1.05	765.25	763.65	82,239	177,752
Sep	-	771.90	-	-	766.70	186	5,517

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Nikkei 225							
Jun	18520.0	18550.0	-30.0	18760.0	18460.0	24,322	224,679

Open interest figures for previous day.

TOKYO - MOST ACTIVE STOCKS: Tuesday, April 22, 1997

	Stocks Traded	Closing Prices	Change on day
Nomura Secs	14.8m	1370	+70
Nippon Steel Cp	13.7m	365	
Sumitomo Bank	10.9m	1480	-10
Fuji Bank	6.9m	1460	-40
Nippon Credit Bk	6.7m	245	+2
Sanwa Bank	5.9m	1370	
Bk Tk-Mitsubishi	5.9m	2010	
Daiwa Secs	5.4m	845	+37
Nikko Secs	5.3m	700	+29
Mitsubishi Hvy	5.3m	835	-10

* Calendar year high and low. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

♣ FT Free Annual Reports Service
You can obtain the current annual reports of any companies on this page with a ♣ symbol. For North American companies you can either dial +1 804 320 8097, or fax your request to +1 804 320 8135 or order online at http://www.icbinc.com/cgi-bin/ft. For companies from ALL other countries ring 0181 770 0770 or fax your request to 0181 770 3822 (outside UK ring +44 181 770 0770 or fax your request to +44 181 770 3822).

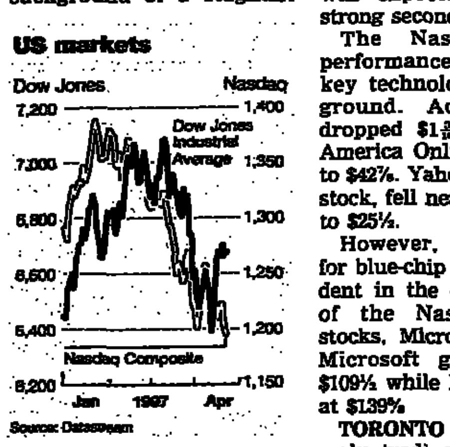
* FINANCIAL TIMES Wednesday April 23 1997

Dow surges on upbeat earnings

AMERICAS

US stock prices bounced back in morning trading, helped by a fairly positive string of earnings reports. The Dow Jones Industrial Average was up 90.71 at 6,751.32 around 1pm local time, *writes Tracy Corrigan in New York*.

However, the decoupling of the blue-chip Dow and the technology-driven Nasdaq composite index persisted, as the Nasdaq dropped 1.18 to 1,202.77 against the neutral background of a stagnant bond market. The broader Standard & Poors 500 index rose 8.23 to 766.64.



Source: Datastream

Blue chips led the way with General Electric up $3 to $107¼ and Procter & Gamble up $4⅜ to $127½, suggesting that market sentiment remained defensive.

Among a clutch of earnings reports, Rockwell International reported better than expected results, more than doubling earnings at its avionics business. The stock, which had been weak recently on concerns about earnings, rose $2⅞ to $65⅝.

Xerox, the recovering office equipment manufacturer, gained $¼ to $57⅞ after reporting first-quarter earnings of 75 cents a share, 5 cents more than analysts' estimates. The company is planning a range of new product launches. 3M climbed $3¾ to $87, after reporting first-quarter results marginally ahead of expectations.

Monsanto, the chemicals company, lost $⅛ to $39¼ in spite of beating analysts' estimates. Bristol-Myers Squibb rose $3⅝ to $63¼ as the company predicted continued strong sales growth of Pravachol, its cholesterol-lowering drug. Warner-Lambert gained $1 to $99¾, although it reported a fall in net income. Its newly launched rival to Pravachol was expected to kick in strong second-half sales.

The Nasdaq's underperformance continued as key technology stocks lost ground. Adobe Systems dropped 1\frac{3}{16}$ to 38\frac{11}{16}$ and America Online dropped $½ to $42⅞. Yahoo!, the internet stock, fell nearly 10 per cent to $25¼.

However, the preference for blue-chip stocks was evident in the outperformance of the Nasdaq's largest stocks, Microsoft and Intel. Microsoft gained $1¾ to $109½ while Intel added 1\frac{3}{16}$ at $139⅝

TORONTO edged ahead in early trading, lifted by the good start on Wall Street and some positive corporate news. Golds came under pressure, but there were solid gains for selected leaders, and at the noon calculation the 300 composite index was up 4.15 at 5,801.80.

Northern Telecom led the way following a forecast for revenue growth of between 15 and 20 per cent for this year for the high-tech leader. The shares advanced strongly from the opening bell, rising C$1.55 to C$93.50. News of a big investment in Brazil lifted Alcan Aluminium 55 cents to C$45.45.

Royal Bank of Canada added 35 cents to C$52.75 while, among retailers, Sears Canada was a bright feature, gaining C$1.00 to C$15 after reporting a reduced first-quarter loss.

Bourses enlivened by first-quarter results

EUROPE

First-quarter results put an edge on bourse trading in Germany, Switzerland and Sweden. **FRANKFURT** began by feting SAP, the software leader, which came out with a 54 per cent jump in first-quarter pre-tax profits; but then traders began to have second thoughts.

The SAP board had delivered a cooling statement about a slower growth rate for the rest of this year and the pref shares, after a new 1997 high of DM308.50, came back to close DM6.40 better at DM297.50.

However, said Mr Hans-Peter Wodniok at Credit Lyonnais in Frankfurt, SAP's top management was slightly more positive than it had been before; a 25 per cent annual profits growth rate could expand considerably, they said, if currencies stayed where they were now. Mr Wodniok plumped for a 35 per cent growth rate this year, and upgraded his earnings to DM7.40 a share for 1997.

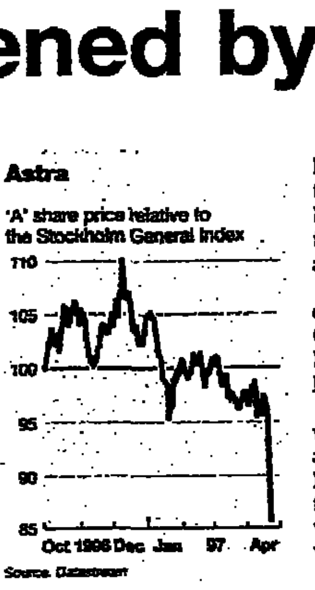
The Dax index rose 20.49 to an Ibis-indicated 3,348.90, turnover recovering from DM9.3bn to DM10.5bn. Other blue chip winners included Lufthansa, up DM1.22 or 5.5 per cent to DM23.25 in a delayed response to Monday's progress report; Mannesmann, DM14.10 better at DM650.10, although its first-quarter report produced no surprises; and Hoechst, DM1.93 to the good at DM66.90 on a recovery from restructuring disappointments.

Losers included Fresenius prefs, DM15 or 3.6 per cent down at DM405. Mr Wodniok said the market may have been taking a dim view of the healthcare group's rights issue, which was due to be priced after hours.

ZURICH saw ABB, UBS and Sulzer go ex dividend but ABB gave the market a strong foundation with an 11 per cent rise in first-quarter operating profits, and one of 8 per cent at net level in US dollar terms.

That, said Mr Frederick Hasslauer at Bank Sal Oppenheim in Zurich, would translate to a rise of 14 to 16 per cent in Swiss francs. On the same basis, the first-quarter order flow was up by around 22 per cent and while perhaps half of that gain represented the Bakum power station and transmission project in Malaysia, there was still strong underlying growth from an engineer that had disappointed in 1996 and that had indicated previously that 1997 would probably be a flat year.

Ex a SFr38 dividend the shares rose a net SFr57 or 3.3 per cent to SFr1,767. The SMI index gained 12.2 at 4,752.3.



Source: Datastream

STOCKHOLM got its own lift from the Swedish end of ABB, which rose SKr3.50 to SKr91, but the broad market was more heavily weighted on the downside and the general index emerged 15.96 lower at 2,618.89.

The market's ills started with continued depression about Astra and the weak European sales development of Losec, its anti-ulcer drug. This was exacerbated by a New York downgrade for the stock from Bear Stearns, and the A shares ended a net SKr10 lower at SKr306.50 for a two-day drop of SKr32 or 9.5 per cent.

A fall in Ericsson B's added to the gloom, the shares ending SKr5 lower at SKr246 ahead of the telecoms major's report on Friday.

PARIS continued to trudge lower as political uncertainty tightened its grip following overnight confirmation that France was set for a general election.

Early gains quickly evaporated and at the close the CAC 40 index was back to its lowest level since early March – off 8.00 at 2,514.67.

Renault and Thomson-CSF were rare upside features, adding FFr4.20 to FFr132 and FFr2.70 to FFr181.30 respectively. But the broad market was firmly negative in solid volume of 14.3m shares.

Technical bounce was said to have underpinned the car giant while CSF rallied after the French finance ministry said that the sale of the government's 58 per cent stake would go ahead as planned, with final bids due in by May 7.

Canal Plus shed FFr11 to FFr1,070 in spite of a US press report suggesting that Time Warner, the US media giant, was poised to buy 10 per cent of *Plus*' digital TV operations.

AMSTERDAM shrugged off a near 3 per cent decline for PolyGram, with the AEX index 2.54 higher at 747.46.

The entertainments group, which is 75 per cent owned by Philips, fell Fl 2.80 to Fl 93.10 after announcing reduced first-quarter earnings. Music struck up a bright performance but films moved ever deeper into the red.

Unilever, where news of a specialty chemicals disposal was expected soon, continued to climb, adding Fl 5.10 to Fl 370.30. Philips hardened 10 cents to Fl 90.90 ahead of today's results statement.

Royal Dutch improved Fl 2.50 to Fl 340.90 on top of the range first-quarter results from its US offshoot, *Shell Oil*.

MILAN moved lower with Fiat looking down in the mouth ahead of tomorrow's annual results and with flattish returns from RAS casting a cloud over the insurance sector.

RAS dipped L295 to L14,650 and Generali by L513 to L29,850. Fiat shed L142 to L5,575.

At the close, the Mibtel real-time index was off 47 at 12,252.

MADRID hit a fourth consecutive all-time high into a fourth day, the general index rising another 4.00 to 498.36.

In banks, Argentaria, expected to report lower first-quarter profits today, still managed to rise Pta60 to Pta6,350. BCH, a star on Monday, put on another Pta50 at Pta4,200.

Utilities saw Endesa Pta310 or 3.2 per cent higher at Pta9,910 on better dividend prospects and an aggressive cost cutting plan; Telefónica, still surfing on its deal with BT and MCI, *gained Pta65 at Pta3,710*.

HELSINKI was not cheered by a rise in pulp prices from Metsa-Botnia; the forestry sector fell 1.2 per cent as the Hex index closed 10.96 lower at 2,828.17.

However, the market exercised its talent for lifting shares to instant stardom: the latest, the media company, Aamulehti, said it planned a merger with the unquoted commercial television channel, MTV, and galloped to a gain of FM35.50 or 23 per cent at FM190.

Written and edited by William Cochrane and Jeffrey Brown

FTSE Actuaries Share Indices

THE EUROPEAN SERIES

Apr 22 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.30	Close
FTSE Eurotrack 100	2191.02	2191.06	2191.48	2187.00	2185.08	2184.23	2183.17	2184.58
FTSE Eurotrack 200	2218.67	2219.87	2220.76	2219.57	2218.01	2219.24	2218.39	2219.55

	Apr 21	Apr 18	Apr 17	Apr 16	Apr 15
FTSE Eurotrack 100	2185.17	2187.55	2193.87	2179.74	2172.03
FTSE Eurotrack 200	2212.87	2208.08	2213.84	2201.84	2200.38

Base value 1000 (26/10/90) Highday: 100 - 2194.87; 200 - 2222.84 Low/day: 100 - 2182.54 200 - 2217.01 † Partial
© FTSE International Limited 1997. All rights reserved.

Renewed Megaworld selling cuts deep in Manila

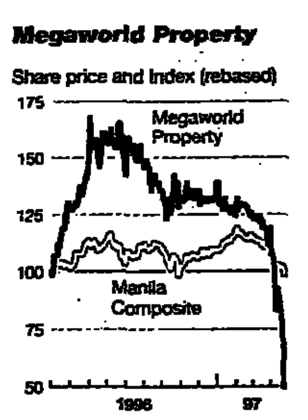
ASIA PACIFIC

A renewed round of aggressive selling of the Megaworld property and construction group pushed **MANILA** steeply lower.

At the close, the composite index was off 84.53 or 2.9 per cent at a new low for the year of 2,860.45. Dealers described the session as a "bloodbath". Losses led gains 141 to 10.

Megaworld fell 1.55 pesos or 29.3 per cent to 3.75 while Empire East, the company's housebuilding offshoot, came down 1.55 pesos to 3.65 pesos. Empire East, which stood at 13 pesos earlier this year, traded in 61.8m shares.

Dealers said that investor worries about an over-extended financial sector flared out into the open following the Megaworld shake-out.



Source: Datastream

TOKYO fell back slightly, snapping a five-day winning streak on profit-taking and a burst of last-minute selling, although traders said that the market mood remained upbeat, *writes Gwen Robinson*.

The Nikkei 225 average closed 7.21 lower at 18,544.45 after moving between 18,489.85 and 18,731.67. The broader-based Topix index of all first-section stocks edged up 0.88 to 1,405.58, while the capital-weighted Nikkei 300 shed just 0.24 to 271.88.

In early trading, stocks fell on waves of selling by investment trusts. The trend reversed course by midmorning as bargain-hunters moved in on lagging sectors including financial and real estate issues.

Foreign investors focused on securities houses, following news that the president and directors of Nomura Securities, now under investigation for illegal trading activities, would relinquish their rights to represent the company. Analysts said that the reshuffle was taken as further evidence of preparation in the domestic financial sector for heightened competition ahead of Japan's big bang reforms. Banking issues, however, lost their recent momentum, prompting some analysts to warn that investors' interest in financial stocks was likely to be short term.

Volume swelled from 451m shares to an estimated 507m, and advances led declines 651 to 469 with 136 unchanged.

Brokers made the biggest gains, rising nearly 5 per cent as a group. Nomura Securities jumped Y70 to Y1,370, Daiwa Y37 to Y845, Yamaichi Y5 to Y360 and *Nikko Y29 to Y700*.

Leading commercial banks retreated. Dai-Ichi Kangyo Bank fell Y30 to Y1,360, Fuji Bank Y40 to Y1,460 and Sumitomo Bank Y10 to Y1,480. Nippon Credit Bank *added just Y2 to Y245 in a* pattern that had seen the shares move up and down in a narrow range since NCB's announcement of a tie-up with Bankers Trust two weeks ago.

Blue chips were mixed. Honda jumped Y140 to Y3,850, but Toyota declined Y20 to Y3,330. Sony added Y20 to Y8,970, Canon rose Y40 to Y2,810 and TDK was up Y120 at Y9,000. However, Toshiba fell Y7 to Y700 and Hitachi shed Y20 to Y1,130.

In Osaka, the OSE average added 158.76 to 19,689.15 and volume swelled to 26.6m shares. In London, the ISE/Nikkei 50 index climbed 2.61 to 1,487.54.

SEOUL suspended trading in Jinro and in Chung Won, the textiles group, on rumours of debt defaults, the repercussions leaving the composite index 9.38 lower at 687.96.

Jinro Industries and Jinro General Foods, affiliates of the conglomerate, fell Won420 to Won4,920 and Won360 to Won4,240 respectively as the group's prime creditor bank said that the parent had defaulted on promissory notes and cheques. Chung Won, pre-suspension, went limit down at Won6,330, off Won550; it said after hours that it had settled debt repayments within its bank's deadline.

JAKARTA rose after bargain-hunting set in among selected financial stocks. The composite index rose 3.98 or 0.6 per cent to 646.24. Turnover improved to Rp378m.

Elang Realty jumped *Rp100 to Rp1,025* in 38m shares traded after rumours of a rights issue ran round the market. Among banks, BII rose Rp75 to Rp1,625.

BANGKOK opened higher but swung round in late trading after what was seen as a disappointing quarterly result from Thai Farmers Bank. At the close, the SET index was 3.05 lower at 691.16.

SYDNEY saw Woodside Petroleum hit a new high as development funding for a Timor Sea project received formal approval. The shares gained 15 cents to A$10.05. News that they were part of a consortium buying Victoria's Loy Yang A power station for $4.75bn lifted Infrastructure Trust *7 cents to* A$1.34 and Macquarie Bank 30 cents to A$9.10.

The All Ordinaries index closed 1.8 better at 2,447.6.

HONG KONG bumped into resistance following recent gains, and as concerns about higher interest rates prompted some caution. The Hang Seng Index closed 45.19 down at 12,580.85 after a session low of 12,538.73. Turnover rose from HK$8.06bn to HK$8.73bn.

Brokers said comments about the threat of US overheating by Ms Alice Rivlin, the US Federal Reserve Board vice-chair, had sparked some concern about interest rates.

SHANGHAI blamed a technical *correction and the* prospect of poor 1996 company results as the B share index came off the top, falling 0.973 to 86.557. **SHENZHEN** B's dipped 8.40 to 178.39 on profit-taking after a succession of highs.

Markets move higher

Most leading Latin American markets moved higher on the back of the early strength on Wall Street.

MEXICO CITY opened slowly, but it soon picked up momentum as the peso firmed. By midsession the IPC index was 16.33 ahead at 3,774.87. Dividend news lifted Grupo Modelo, which gained 35 centavos to 46.30 pesos.

SANTIAGO fell at the outset *as worries about the* drought and a squeeze for operating margins in the electrical power sector kept investors on the sell side. But at midsession the Ipsa index had turned a loss of 0.3 per cent into a gain of 0.4 per cent, rising 0.42 to 116.97.

SAO PAULO also moved higher with the Bovespa index adding 33 to 9,455 at midsession. **CARACAS** was the most notable exception to the uptrend, succumbing to modest profit-taking after a run of five sessions on the *rise. At midsession* the IBC index was off 23.10 at 6,303.12.

Stable rand helps Jo'burg

A stable rand and talk of a summer interest rate cut helped Johannesburg improve for the third day running, the all-share index gaining 25.9 to 7,065.9.

Industrials rose 35.7 to 8,374.5 but golds had a quieter day after Monday's excitements. The golds index put on 5.7 to 1,263.3. Bullion was steady but a number of gold results came in on the sluggish side. Western Areas slipped 75 cents to R44.25.

Among industrials, Iscor was a good market, adding 4 cents to R304 while Malbak *gained 15 cents to R23.15*. South African Breweries came off 75 cents to R31.75.

Dealers said that turnover had been on the thin side but that sentiment had been surprisingly firm.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY APRIL 21 1997 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY APRIL 18 1997 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (76)	221.26	0.4	200.66	175.57	195.81	189.60	0.2	4.01	220.43	200.33	175.53	196.67	189.30	225.77	188.44	203.30
Austria (24)	182.08	0.9	165.11	144.46	161.12	161.05	0.1	1.96	180.38	163.93	143.64	160.94	160.88	195.04	174.70	188.50
Belgium (26)	238.65	1.3	216.43	189.37	211.21	206.81	0.6	3.46	235.51	214.04	187.54	210.13	205.60	241.54	205.89	210.26
Brazil (30)	236.48	-0.1	214.46	187.64	209.28	462.40	0.0	1.11	236.61	215.04	188.42	211.11	462.40	247.23	155.27	155.44
Canada (114)	182.91	-0.4	165.88	145.14	161.87	185.04	-0.5	2.11	183.70	166.95	146.28	163.91	186.02	203.31	154.12	160.41
Denmark (32)	357.91	0.9	324.59	284.00	316.75	315.69	0.0	1.60	354.85	322.49	282.57	316.60	315.62	378.98	291.99	297.57
Finland (26)	250.57	1.3	227.24	198.82	221.75	270.60	0.7	1.69	247.42	224.86	197.02	220.76	268.86	268.58	180.69	181.45
France (91)	211.37	-0.5	191.69	167.72	187.07	190.61	-1.0	2.98	212.40	193.03	169.13	189.50	192.57	226.25	186.94	196.05
Germany (59)	199.06	0.9	180.53	157.95	176.17	176.17	0.1	1.60	197.30	179.31	157.11	176.03	176.03	207.65	164.47	172.14
Hong Kong (66)	455.43	0.7	413.02	361.38	403.05	453.00	0.7	3.32	452.42	411.17	360.26	403.66	450.09	514.49	407.55	426.57
Indonesia (27)	229.29	0.8	207.94	181.94	202.92	339.63	1.0	1.61	227.45	206.71	181.12	202.94	336.35	–	–	–
Ireland (16)	334.15	0.5	303.04	265.14	295.72	302.51	0.0	3.15	332.50	302.18	264.77	296.67	302.56	343.35	270.08	277.20
Italy (59)	88.65	0.9	80.40	70.34	78.45	112.01	0.7	2.15	87.86	79.85	69.96	78.39	111.22	96.32	73.26	77.84
Japan (485)	114.77	1.6	104.08	91.06	101.57	91.06	1.3	0.86	112.93	102.63	89.92	100.76	89.92	164.66	107.57	157.38
Malaysia (107)	555.79	1.8	504.05	441.02	491.88	536.36	1.5	1.19	546.04	496.25	434.81	487.19	528.37	660.85	512.47	573.34
Mexico (27)	1355.51	-0.8	1229.31	1075.59	1199.63	11673.36	-0.7	1.18	1366.18	1241.63	1087.90	1218.96	11759.36	1445.66	1110.35	1313.61
Netherland (19)	347.43	1.1	315.08	275.68	307.48	303.48	0.3	2.58	343.70	312.36	273.69	306.66	302.65	357.16	279.68	289.72
New Zealand (14)	85.11	-0.1	77.19	67.54	75.33	65.14	-0.4	4.36	85.18	77.42	67.83	76.00	65.42	95.60	75.94	82.46
Norway (41)	299.53	1.9	271.64	237.68	265.09	267.46	1.7	2.12	293.98	267.17	234.09	262.29	262.64	321.23	243.72	247.31
Philippines (22)	179.40	0.0	162.69	142.35	158.76	235.67	0.0	0.76	179.33	162.98	142.80	160.01	235.67	–	–	–
Singapore (43)	381.02	-0.4	345.55	302.34	337.21	252.88	-0.5	1.12	382.61	347.72	304.67	341.37	254.04	448.01	371.28	445.15
South Africa (44)	356.36	0.1	323.18	282.77	315.36	346.37	0.1	2.43	355.85	323.40	283.36	317.50	346.15	381.77	301.49	374.12
Spain (35)	223.20	1.4	202.42	177.11	197.54	243.33	0.8	2.69	220.22	200.14	175.36	196.49	241.32	228.16	171.91	177.97
Sweden (48)	419.63	-0.4	380.56	332.97	371.38	474.89	-0.8	2.20	421.43	383.01	335.59	376.01	478.68	448.64	334.35	344.80
Switzerland (36)	264.60	1.5	239.97	209.96	234.18	237.75	0.7	1.38	260.65	236.88	207.55	232.56	236.00	264.80	229.36	243.40
Thailand (43)	81.95	-1.0	74.32	65.03	72.53	82.90	-1.1	3.77	82.61	75.26	65.94	73.86	83.79	184.18	73.98	180.06
United Kingdom (211)	281.91	0.6	255.66	223.69	249.49	255.66	0.4	3.84	280.28	254.72	223.19	250.07	254.72	285.30	228.85	237.43
USA (653)	307.96	-0.9	279.29	244.36	272.54	307.96	-0.9	1.96	310.76	282.43	247.46	277.27	310.76	331.54	254.79	263.11
Americas (824)	281.84	-0.9	255.60	223.63	249.43	237.42	-0.9	1.95	284.31	258.39	226.40	253.67	239.51	303.45	233.09	240.57
Europe (726)	244.60	0.7	221.82	194.09	216.47	225.68	0.2	2.79	242.86	220.81	193.47	216.78	225.44	248.97	204.71	210.70
Nordic (150)	364.12	0.3	330.22	288.92	322.25	358.73	-0.2	2.02	363.15	330.04	289.18	324.02	357.41	365.85	291.45	295.03
Pacific Basin (863)	133.76	1.4	121.31	106.14	118.38	104.58	1.1	1.39	131.96	119.92	105.07	117.73	103.47	177.01	127.18	170.41
Euro-Pacific (1609)	179.57	1.0	163.21	142.80	159.27	150.58	0.8	2.17	178.23	161.98	141.92	159.02	149.52	191.51	173.55	187.09
North America (767)	300.29	-0.9	272.33	238.27	265.75	299.85	-0.9	1.97	302.96	275.33	241.24	270.31	302.51	323.69	248.65	256.73
Europe Ex. UK (515)	219.17	0.7	198.77	173.91	193.97	204.78	0.1	2.19	217.50	197.75	173.27	194.14	204.58	224.70	185.65	191.22
Pacific Ex. Japan (398)	263.73	0.7	239.18	209.27	233.40	255.76	0.5	2.88	261.86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Ex. US (1824)	183.14	0.8	166.09	145.32	162.08	156.10	0.5	2.16	181.56	165.00	144.57	161.99	155.32	193.47	176.94	183.30
World Ex. UK (2266)	217.14	0.0	196.93	172.30	192.17	198.94	-0.2	1.87	217.17	197.37	172.93	193.76	194.35	228.99	196.56	206.54
World Ex. Japan (1992)	277.85	-0.2	251.98	220.47	245.90	258.21	-0.2	2.20	278.54	253.14	221.80	248.52	259.34	282.72	233.10	241.09
The World Index (2477)	222.64	0.1	201.91	176.66	197.03	199.52	-0.1	2.07	222.53	202.24	177.20	198.55	199.83	233.36	202.82	211.10

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on [illegible] Pool purchase price £/MWh	Final Prices for Trading on [illegible] Pool purchase price £/MWh	Pool selling price £/MWh
0030	11.64	11.67	11.67
0100	11.67	11.67	11.67
0130	11.67	11.67	11.67
0200	18.51	11.67	11.57
0230	18.54	11.66	11.66
0300	18.54	11.66	11.66
0330	18.54	11.66	11.66
0400	18.54	11.66	11.65
0430	18.54	11.66	11.66
0500	18.54	11.62	11.62
0530	11.88	11.63	11.63
0600	11.66	11.65	11.65
0630	11.88	14.22	15.80
0700	21.76	18.42	20.00
0730	24.98	17.84	19.42
0800	25.67	19.38	20.96
0830	51.18	22.34	23.91
0900	51.47	27.73	29.30
0930	51.33	27.73	29.31
1000	51.28	27.73	29.31
1030	35.85	27.73	29.31
1100	25.84	27.73	29.31
1130	25.82	30.75	32.33
1200	25.94	42.69	44.27
1230	25.76	42.69	44.27
1300	25.47	40.80	42.37
1330	25.18	27.73	29.31
1400	25.08	41.76	43.33
1430	25.03	41.76	43.33
1500	25.02	23.74	25.32
1530	24.58	23.74	25.32
1600	24.59	23.74	25.32
1630	33.02	23.74	25.32
1700	31.65	25.22	26.80
1730	33.03	41.76	43.34
1800	25.03	41.76	43.33
1830	32.94	25.23	26.81
1900	22.39	39.91	41.51
1930	[illegible]	[illegible]	54.02
2000	[illegible]	[illegible]	54.02
2030	[illegible]	[illegible]	41.36
2100	[illegible]	[illegible]	41.43
2130	[illegible]	[illegible]	26.80
2200	[illegible]	[illegible]	26.80
2230	[illegible]	[illegible]	23.91
2300	[illegible]	[illegible]	20.98
2330	[illegible]	[illegible]	16.80
2400	[illegible]	[illegible]	15.80

[illegible]

4 pm close April 22

NYSE PRICES

Continued from previous page

1997 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
39¼	35½	SFePPipe	3.00	8.3	9	202	36¼	35⅞	36	-⅛
43¼	36⅝	SaraLee	0.84	2.0	21	8799	41¼	40⅝	41¼	+⅞
59¼	49⅝	SBC Cm x	1.79	3.4	14	8374	52½	50¼	52½	+1⅛
28⅞	23⅞	Schnt Corp	1.51	6.1	12	808	24¾	24½	24⅝	+⅛
9	7⅝	SchwebA	0.26	3.2	31	17	8⅛	8	8⅛	+⅛

1997 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
53¾	40⅝	Tandy x	0.80	1.8		1601	49⅝	49¼	49½	+¼
11⅛	10⅛	Taurus Mun x	0.70	6.6		30	10⅝	10½	10⅝	+⅛
2⅛	1½	TCCInd				6	1⅞	1⅞	1⅞	
25⅛	23¾	TecoEngy	1.16	4.8	14	991	24⅝	24½	24⅝	
53¾	48¼	Tktrnop x	0.60	1.2	15	2130	52¼	51⅝	51½	-½
30	25	TeleDa	1.16	4.5	10	372	26	25¼	25¾	+⅛

1997 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
9⅛	8¾	USLIFE Inc	0.62	6.9	0	29	9	8⅞	9	
28½	23¾	USX M	0.76	2.8	11	5754	27	26⅝	27	+¼
33⅞	25⅜	USX US	1.00	3.5	9	2551	28⅞	28¼	28⅞	+⅝
17	13	USX Delhi	0.20	1.5	19	4	13¾	13¾	13¾	
28¾	25⅛	UtilCorp	1.76	6.9	11	449	26	25⅝	25⅝	-¼

Price data supplied by Telekurs, part of FT Information.

FT Free Annual Reports Service

You can obtain the current annual reports and if available quarterly reports of any companies on the US exchanges with a ♣ symbol. To order reports ring (International Access) 1-804-320-8097 or give the names of the companies whose reports you want and fax your request to (International Access) 1-804-320-8135. Reports will be sent the next working day, subject to availability. You can also order online at http://www.icbinc.com/cgi-bin/ft.

AMEX PRICES

4 pm close April 22

4 pm close April 22

NASDAQ NATIONAL MARKET

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Dorch Hin	0.72	17	1528	13¼	d12	12⅝	+¼
DrecoEngy		21	878	32	31½	31¾	+⅛
DressBarn		12	1053	14⅝	13¾	13⅞	-⅛
Drey GO	0.24	206	17	32¾	30¼	31	-½
Drug Empo		26	181	4½	4¼	4½	+⅛

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Recoton		16	50	12⅝	d12	12.02	-.36
RegFinCp	1.60	13	1524	58¼	55¼	55⅞	+⅛
Repligen			91	1¼	1⅛	1¼	
Repub Ind			27728	26½	25¼	26⅛	-⅞
Rescission		23	z0	23¼	23¼	23¼	
Resound			400	4⅝	d4⅜	4⅜	-⅛

- A -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
ACC Corp		57	395	23⅝	22½	23	

- L -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Labone	0.72	72	z100	16	16	16	-¼
Ladd Furn		19	244	12¾	d12¼	12⅝	+⅛
Lam Rsch			11618882	29⅝	26½	29	+2⅛
Lancaster	0.72	14	1682	40⅝	39⅞	39¾	-⅛

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
JSB Fin	1.40	15	45	41½	40½	40½	-1
Juno Ltg	0.32	13	392	15	14⅝	14¾	-¼
Justin	0.16	13	357	11⅝	11¼	11¼	-⅜

- K -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
K Swiss	0.08	103	z0	11⅜	11⅜	11⅜	
Kaman Cp	0.44	22	118	12¾	12¼	12⅝	+¼
Kelly Sv	0.84	12	1107	24½	23¾	24	-⅜
Kimball	1.04	12	173	36	d35¼	35½	-1
KLA Instr		21	71973	41¼	38⅜	41	+1⅞
Koll A			z0	⅜	⅜	⅜	
Komag♣		17	10683	28¾	27¼	27⅜	-⅝
Kulicke S			6026	26	24¼	25½	+1½

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Prod Ops x	0.28	32	417	58⅜	57½	58⅜	+⅞
Qualcomm		15	141535	44½	41¼	42⅜	-3⅛
Qual Food		22	z0	40⅝	40⅝	40⅝	+⅛
Quantum		23	33586	40¾	38⅝	40⅜	+⅜
Quickslvr		13	50	21½	21¼	21½	
Quintiles		38	715732	50½	d43	50⅜	+1⅛

- R -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Rainbow♣		11	856	16½	d13¾	15¼	+⅞
Rallys			387	3⅛	2⅞	3⅛	+⅛
Raymond	0.25	14	1384	29⅜	29	29	
RCSB Fin x	0.60	10	236	29⅞	29¾	29⅞	
Read-Rite			18284	30	27⅝	29⅝	+⅞

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Wolohan L	0.28	12	23	12⅛	12	12	-¼
Wrldcm			68311	22⅞	d21¼	22⅞	+1
Worthinds	0.48	19	1663	18¼	17⅝	18¼	+⅛
WPP ADR	0.10	22	571	41⅜	40⅞	41⅜	+¾
Wyman-Gdn	0.40	28	895	22¾	22	22	-¾

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx♣		28	18095	48	45⅝	48	+⅝
Xircom		13	10881	10¼	d9	9⅛	-⅞
Xoma Corp			3057	5⅞	5	5.27	+.33
Yellow			4385	21	20⅛	20⅞	+⅝
York Rsch		14	735	7¼	d7	7⅛	+⅛
ZionsUtah x	1.76	16	240	118	115½	115¾	-1¼

EASDAQ

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members. EASDAQ Members are made up of Brokers and Banks from across Europe.

Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$7.5		2400	8.25	7.5	Esprit Telecom ADS	US$10.5	-0.125	0	12.25	9.75
Artwork Systems	US$10.5		6200	11	9.5	Innogenetics	US$11.875		11770	12.75	10.375
Chemunex	FFr16	-0.5	78500	19	16	Mercer Internatl.	US$8.875	-0.25	0	11.75	8.875
Dr Solomon's ADS	US$24.75		0	28.5	16.875	PixTech	US$4.25		0	6.125	4.25

Prices for 22/4/97. Please note that mid prices are now used to calculate highs and lows.

Information about EASDAQ can be found on the Web site at: HTTP://WWW.EASDAQ.be
EASDAQ offices are located in Brussels (Tel. 32-2 / 227 65 20) and in London (Tel 44-171 / 489 9990).

Spring economic forecasts reflect optimistic view in Commission

Brussels places its bets for Emu race

By Lionel Barber in Brussels and Wolfgang Münchau in London

The European Commission yesterday struck an uneasy balance between objective economic forecaster and political cheerleader for monetary union.

The spring 1997 economic forecasts suggest 13 countries are on track to meet the Maastricht treaty's key public deficit target of 3 per cent of gross domestic product.

Only Greece and Italy fail to make the grade.

France and Germany, whose participation is essential for the single currency project, are set for a pinpoint landing on the deficit target. Austria, Portugal and Spain also just make the 3 per cent cut. Britain comes in under the wire at 2.9 per cent.

Italy, heading for a deficit of 3.2 per cent this year, receives encouragement in a footnote saying that it could still hit the target if measures prove effective and, if necessary, extra belt-tightening is introduced.

But the real blow is the Commission's forecast of a 3.9 per cent deficit for Italy in 1998 – higher than in Greece whose deficit is predicted to come in next year at 3.4 per cent.

Otherwise, the Commission's forecast broadly confirms the figures published last autumn.

The figures add up to an unusually optimistic projection, at least in comparison with other forecasters.

1997 PREDICTIONS

Public sector deficit (% of GDP)

	Forecast by: EU*	IMF
Italy	3.2	3.3
Germany	3.0	3.3
France	3.0	3.3
Spain	3.0	3.2
Portugal	3.0	2.9
UK	2.9	3.1
Finland	1.9	1.9
Belgium	2.7	2.9
Neths	2.3	2.2
Denmark	-0.3**	0.1
Luxembourg	-1.1**	0.1
Ireland	1.0	1.6
Greece	4.9	5.1
Austria	3.0	2.5
Sweden	3.6	0.8

* European Commission ** is surplus
Source: European Commission

The International Monetary Fund yesterday published a forecast of 3.3 per cent for both Germany and France, while Germany's leading economic institutes this week published a forecast a 3.2 per cent deficit ratio. Under these scenarios, both countries would fail to meet the deficit criterion – if the criterion is interpreted literally.

The Commission's forecast drew a series of critical comments but also met with some support among finance officials and independent economists.

Mr Gerrit Zalm, the Dutch finance minister, suggested that the Commission had acted under political influence when making the forecasts. In a Dutch radio interview he was reported as saying that "you risk your life, so to speak, if you put a country above 3 per cent when the country itself thinks it should be below 3 per cent".

Mr Holger Fahrinkrug, senior economist at UBS in Frankfurt, said: "This is really a political forecast because it is politicians who make a judgment about economics. It was quite remarkable that they delayed the *publication of the forecast* on the ground that it was still under discussion. That tells you something." His comments referred to the delay by a few hours in publishing the figures.

Other economists were more cautious and noted that the differences in the various forecasts were still within the normal margins of error.

*Mr Graham Bishop, Euro*pean financial affairs adviser of Salomon Brothers in London, pointed out that the Commission's forecast might even be more realistic than some of the others because it took account of the unusual political measures that governments were prepared to take this year in order to qualify.

"What matters is not the forecast but the outcome. If you take account of the policies to be enacted later this year, this forecast does not look excessively politically biased," he said.

10 Commandments For Economic Virtue

(aka macroeconomic guidelines for the European Union)

- **Price stability: to bring average inflation below 2 per cent as a target in medium term.**
- **Exchange rate stability: countries to treat policies as a matter of common interest and to aim for minimal currency fluctuation.**
- **Sound public finances: to hit 3 per cent of GDP deficit target in 1997 and aim for budget close to balance or surplus in medium term.**
- **Labour market flexibility: greater use of voluntary work, more flexible working-time arrangements.**
- **Wage flexibility: according to qualifications and regions to better reflect levels of productivity. Temporary entry wages for inexperienced and unemployed.**
- **Investment in training for new information society, vocational training, and research and development.**
- **Better use of internal market. Greater convergence of tax policies, opening up public procurement. Reduction in state aid.**
- **Investment in infrastructure: more funding for trans-European networks covering road, railways and other infrastructure.**
- **Energy liberalisation: to lower energy costs for European business in relation to overseas competitors.**
- **Reduce excessive regulation, particularly in product markets such as pharmaceuticals and *stimulate competition.***

A German banker acknowledged that forecasters faced a formidable problem because budget deficits *were no longer independent* variables but had become policy targets. "We are absolutely certainly that Germany will meet the target even if that looks improbable now. Mr [Theo] Waigel [the German finance minister] will do anything, even freeze spending, in order to hit the target. Given such determination, a 3 per cent forecast does not seem *entirely unreasonable."*

The Commission's economic forecasts are often treated with suspicion by financial markets, but Mr Yves-Thibault de Silguy, the French commissioner, insisted that their track record was better than many other bodies.

The actual decision of Emu membership will not only be based on the 1997 forecasts but also on projections for 1998, which look increasingly favourable. The current financial pressures are expected to ease as economic growth in the EU is picking up. Growth within the Union is expected to accelerate progressively from 1.6 per cent in 1996 to *2.4 per cent this year, and 2.8* per cent in 1998.

Inflation is due to remain at an historic low of 2.2 per cent as the EU average. Only in Denmark, Ireland and Britain, which all have had strong growth, is inflation expected to rise slightly next year.

*Member states are squeez*ing their public deficits to the point where the average deficit for the Union of 6.2 per cent in 1993 will shrink to a projected 2.9 per cent in 1997 and 2.5 per cent in 1998.

But, as the Commission warns, "there is no room to absorb any slippage which could adversely affect financial markets and undermine the on-going recovery".

Unemployment remains a blackspot. The jobless rate is expected to drop only slightly from 11 per cent in 1996, to 10.6 per cent in 1997, and 10.3 per cent in 1998.

Stunned Italy seeks to limit the damage

By Robert Graham in Rome

The Italian government yesterday began a damage limitation exercise after being named as one of only two countries whose 1997 public accounts on current data excluded them from joining the single currency.

Ministers were quick to point out Italy could still be included in the core group of countries. Others said the *government would accelerate* discussion of key structural changes in pensions and welfare which would provide sustainable cuts in public spending.

But these reactions could not hide the government's great embarrassment and the desperate behind-the-scenes efforts to head off yesterday's conclusions. Matters were made worse by the news being leaked on Tuesday – coinciding with the grounding off the Albanian coast of the Vittorio Veneto, the navy's flagship.

This offered an irresistible opportunity for newspaper cartoonists to use the incident as an image for government policy getting stuck in the sand. One cartoon for instance showed the government in naval uniform on the bow of the grounded vessel with a bubble saying: "Oh dear we have got the manoeuvre wrong!" (manoeuvre literally also means budget).

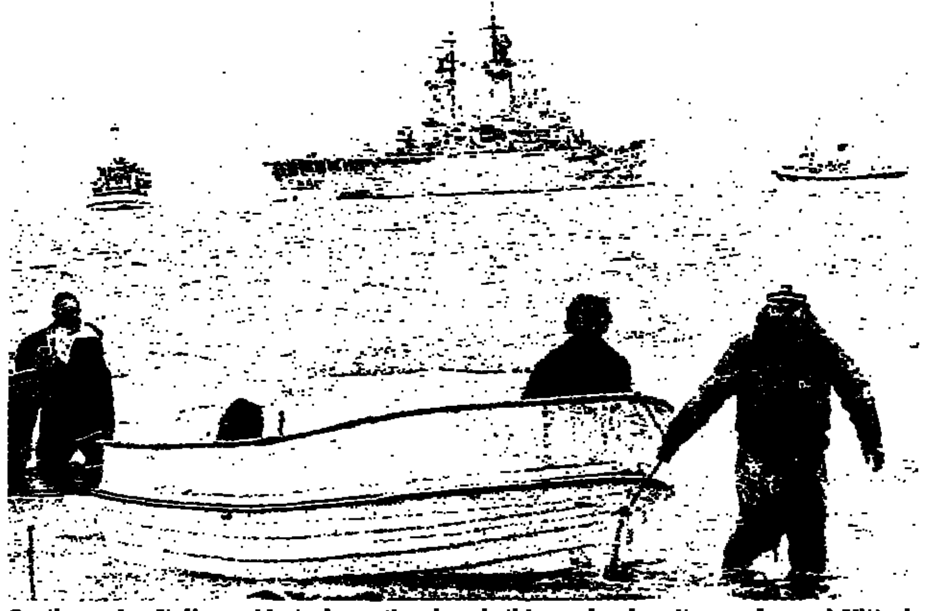
Mr Carlo Azeglio Ciampi, the treasury minister and former central bank governor, has staked his credibility on being able to produce a convincing set of financial measures. Over the past two weeks he has been lobbying in Brussels intensely. But he has failed to convince the Commission that his 1997 budget plus recent supplementary measures, taking a total of 4 per cent of gross domestic product from the economy, can bring Italy within the Maastricht targets for Emu. More important Italy has yet to outline measure to correct a projected rise in the deficit to 3.8 per cent of GDP in 1998.

Too many of the measures are regarded as once-off or not sustainable – a criticism raised by even some members of the centre-left government. The 1997 supplementary budget is also only just beginning its parliamentary passage and, prior to the Brussels decision, looked *as though it could be* watered down. The decline in Italy's credibility is in contrast with events last autumn when Mr Ciampi used all his skill and prestige to ensure an unexpectedly favourable re-entry of the lira into the exchange rate mechanism.

Mr Romano Prodi, the prime minister, has made Italy's presence among the core group of euro currency members a central policy plank. On several occasions he has said he would resign if he failed to achieve this and has turned the issue into a matter of national pride.

Since Monday he has been pressing Italy's two EU commissioners to press harder within the Commission to ensure Italy got a fair hearing. What they have achieved is largely cosmetic, but does allow the government to save some face at home while leaving open a window of opportunity to put in place more credible measures either this year or for 1998.

The lack of serious structural measures in the 1997 budget, and in this month's corrective package, is the result of pressure from the hardliners in Reconstructed Communism, on which the government relies for support. The threat of exclusion from the euro will increase demands for a showdown with RC over pensions. This, however, could bring down the government and lead to a the search for a broader-based coalition with parties of the centre and right to carry out the necessary measures.



On the rocks: Italian pride took another knock this week when its naval vessel Vittorio Veneto, flagship of the international force in Albania, ran aground near Vlore AP

Progress slow on external aspects of Emu

By Wolfgang Münchau, Economics Correspondent, in London

The European Commission yesterday warned that there had not been sufficient progress *towards a coherent position on* some of the external aspects of European economic and monetary union.

Mr Yves Thibault de Silguy, the economics and monetary affairs commissioner, said the representation of Europe's interests vis-a-vis third countries after the move to Emu was "a real problem". Among the issues still undecided is the impact of the single currency on international organisations, such as the International Monetary Fund and the Group of Seven.

Progress towards a common external policy is hampered by *competing national interests*, a problem greatly exacerbated by the uncertainty over who will take part in Emu. In theory, Emu participants could agree a joint representation in the G7, but this is still seen as unlikely.

In a detailed working paper on the external aspects of Emu, the Commission yesterday says that it expects the euro, over time, to become a reserve currency to rival the US dollar. Its status as a reserve currency would initially become most apparent elsewhere in Europe, especially in central and eastern European, where several *countries have already* tied *their* currencies to the D-Mark.

The Commission estimates that, after the move to Emu, about 30 per cent of world exports will be invoiced in euros. "Similarly, the simple conversion into euros of assets currently held in European currencies will mean that more than a third of the world portfolio will be denominated in euros, a percentage equivalent to that of the dollar." The calculation assumes that every current EU member joins Emu.

The paper stresses, however, that the effect of the changeover will be *gradual. While Emu will create the* largest government bond market in the world at a stroke, the market is not expected to be fully integrated for some time.

The Commission also addresses a series of concerns about potential instability immediately after the move to the euro.

Among these is the excess stock of dollars held by central banks – also known as the dollar overhang. The combined reserve requirement of the Emu participants is likely to be significantly smaller than the sum of the reserves of individual members, because these countries *will no longer have to stabilise* exchange rates against each other. Thus, the move to Emu could lead to large scale selling of dollars.

But the Commission's report says: "Although the absolute value of the amounts involved may indeed be substantial, they are not significant in view of the turnover in financial markets."

EUROPEAN NEWS DIGEST

Czech bank fraud arrests

Eleven people have been charged with fraud by Czech police investigating the near-collapse last year of Agrobanka, the country's largest privately-owned bank. The charges refer to a Kc137m ($4.5m) fraud at the troubled bank, rescued by the central bank last September after a liquidity crisis.

Agrobanka was the biggest casualty of a series of bank difficulties last year, some of them allegedly the result of fraudulent lending and other illegal transactions.

The charges coincide with a promise last week by Mr Václav Klaus, the prime minister, to crack down on financial fraud, which is suspected in the collapse of several financial institutions and the disappearance in recent weeks of shareholders' money from funds that invested in coupon privatisation.

Agrobanka remains under central bank administration while efforts continue to seek a foreign investor to take over its banking network. *Vincent Boland, Prague*

Bank staff agree pay cut

Employees of Crédit Lyonnais, the French state-owned bank, have agreed to salary cuts and shorter hours in an effort to minimise job losses.

Just 18 per cent of the bank's 35,000 staff refused to accept a "solidarity" payment of 0.6 per cent taken from their 1997 and 1998 salaries to help fund the reduction from 39 to 32 hours a week for 7,000 employees, according to figures released yesterday.

Meanwhile an audit submitted to the French parliament said legislation providing tax incentives to employees who maintain or create jobs by reducing working hours should be kept. The analysis, conducted by BIPE and Bernard Brunhes Consultants, suggested the cost of jobs created as a result of the legislation was FFr50,000 ($8,635). *Andrew Jack, Paris*

Reformers win Bulgarian poll

A pro-western coalition committed to market reforms and *fighting crime has won a majority in Bulgaria's* parliament, final election results showed yesterday.

The anti-Communist United Democratic Forces took 52 per cent of the vote, giving it 137 of 240 seats in the chamber, said Ms Lena Dzhelepova, head of the central electoral commission.

The Socialist party of former Communists came in second with 22 per cent and 58 seats. The Alliance for National Salvation, a coalition dominated by the mainly ethnic Turkish Movement for Rights and Freedoms, received 8 per cent and 19 seats. Euroleft took 6 per cent and 14 seats and the Bulgarian Business Bloc 5 per cent and 12 seats.

UDF leader Mr Ivan Kostov, who is almost certain to be the next premier, is trying to win the support of other parties for a declaration of national consensus on a programme for financial stabilisation, membership of the European Union and Nato and opening up of Communist-era secret police files. Mr Kostov has pledged that stamping out crime and corruption will be a top priority for his administration. *AP, Sofia*

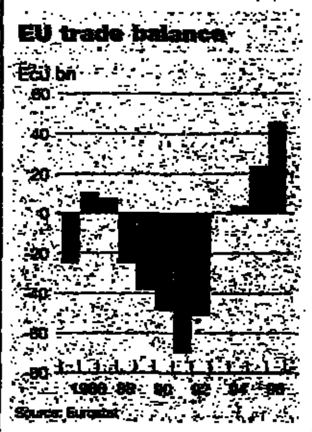
Holocaust fund board delayed

The Swiss government yesterdaypostponed appointment of a seven-member *board to run a multi-million dollar* fund for Holocaust victims. After the weekly cabinet meeting, a government spokeswoman, Ms Marie-Marceline Kurmann, said further talks with the World Jewish Congress were necessary to settle final details.

After protracted deliberations, the cabinet last week named a Swiss Jewish leader, Mr Rolf Bloch, as president of the board and decided on the three other Swiss members. But it put off confirming the proposed foreign Jewish representatives because of wrangling over the role of Nobel laureate and concentration camp survivor Elie Wiesel. Maram Stern, a senior WJC representative, said they were ready to accept that Mr Wiesel be given a ceremonial role. *AP-DJ, Bern*

ECONOMIC WATCH

EU trade surplus widens



The European Union's trade surplus with the rest of the world widened to Ecu46.3bn ($52.8bn) in 1996, *according to figures from* Eurostat, the EU's statistical office. This was the fourth year of surplus, following surpluses of Ecu24.2bn in 1995, Ecu4.2bn in 1994 and Ecu1.2bn in 1993. EU exports to the rest of the world last year totalled Ecu620bn, up 9 per cent on 1995. Imports rose by 5.3 per cent to Ecu573.7bn. Trade within the EU totalled Ecu1,050bn – 63 per cent of total trade. After two years of strong rises intra-EU trade growth in 1996 weakened to 3.7 per cent compared with 12.9 per cent growth in 1995 and 13.1 per cent in 1994. The figures are provisional.

■ Unemployment in the European Union is expected to decline only slightly this year and next to an average of 10.6 per cent and 10.3 per cent of the workforce, according to forecasts by the European Commission yesterday.

Bundesbank puts case for bigger budget savings

By Peter Norman in Bonn

The Bundesbank yesterday urged the German government to make bigger budget savings to ensure that this year's public deficit falls below the Maastricht treaty limit for economic and monetary union.

In its annual report, the central bank said budget prospects had deteriorated since the autumn in spite of a return to economic growth last year in Germany and other continental European countries.

The Bundesbank's warning came just one day after Germany's six leading economic institutes *forecast a public deficit of* 3.2 per cent of gross domestic product this year. This compared with the government's forecast of 2.9 per cent and the Maastricht treaty's Emu criterion of 3 per cent of GDP.

"It cannot be excluded that, during the year, further as yet unforeseen budgetary burdens will arise on the revenue side or from individual spending programmes," the Bundesbank said in a comment on the government forecast. "In view of this, efforts are needed to achieve still greater savings."

In other respects, the report struck a guardedly optimistic note. Mr Hans Tietmeyer, the Bundesbank president, said in a signed introduction that much had improved in the past year. He singled out low inflation and the reversal of the excessive upvaluation of the D-Mark that had damaged the competitiveness of German business in 1995.

But he warned against expecta*tions of rapid progress towards* more employment. The bank's report noted that a substantial part of German unemployment was structural. Nearly 1.2m jobless, representing about 30 per cent of average unemployment last year, had been without work for more than a year.

The bank said wage settlements of about 2 per cent in 1996 and so far this year were a step in the right direction towards creating jobs. But it warned that wage restraint would not give a rapid boost to the labour market. "For that, wage restraint over many years is necessary. Moreover, there must be a greater differentiation of wages according to region, business sector and qualifications."

Although pleased at last year's low consumer price inflation of around 1.5 per cent, the bank warned that "it would be premature, if not wrong" to speak of inflation being under control, or dead.

● Mr Theo Waigel, German finance minister, yesterday predicted a shortfall of more than DM10bn ($5.9bn) in total German tax revenues this year compared with previous estimates. He ear*lier rejected forecasts* of a DM20bn shortfall in tax revenues and said the government had already accounted for a DM8bn revenue drop in its forecasts for 1997.

Kinnock rejects Alitalia's restructuring proposals

By Caroline Southey in Brussels and Robert Graham in Rome

The restructuring of Alitalia, Italy's troubled state-controlled airline, has been rejected by Mr Neil Kinnock, EU transport commissioner, on grounds that it involves an injection of public funds without sufficient guarantees of a viable return.

Unless the Italian government is able to wring concessions through political negotiations, current plans to turn round the loss-making company will have to be rewritten. After careful study, Brussels has faulted the restructuring *for failing to cut* unit labour costs more and reduce routes flown to allow for a proper return on capital.

Alitalia yesterday insisted that its plans had not been rejected merely that the Commission had sought clarifications whether it intended to make a "normal investment" or instead preferred to obtain state aid.

Iri, the state holding company which owns 87 per cent of Alitalia had been hoping the L3,000bn ($1.8bn) restructuring would not be regarded as an illegal state subsidy. It argued that it was behaving like a private sector shareholder with a controlling stake. However, Mr Kinnock has refused to buy this argument. In a note sent to Alitalia on April 18, he says he continues to see "significant commercial risks" in the current plan. As an alternative, the letter suggests the airline may wish to seek direct state aid and have this approved by Brussels under tough conditioning clauses.

The Commission's firm stance is a serious embarrassment for Alitalia's management under Mr Domenico Cempella, who has sought to push through a *restructuring that manages* to accommodate both Brussels and the demands of the airline's troublesome unions. Mr Cempella resisted cutting back on routes and attempted a "soft" approach to the unions following the confrontation provoked by the previous management's plans to prepare Alitalia for privatisation.

The unions yesterday indicated they would resist further attempts at job cuts or to impose more flexible working conditions to reduce unit labour costs which are among the highest in the European aviation business. But the airline's financial plight leaves the management with little choice. At the same time Alitalia is under pressure from domestic competition on some of its key routes and must now cope with European deregulation.

Last year, Alitalia recorded a loss of L1,300bn and now has net assets of only L80bn against debts of L2,500bn. Iri last year already advanced L1,000bn and is due to inject a further L500bn once the EU's position has been clarified. An additional L1,500bn is earmarked to come from as yet unidentified market sources.

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 596 4481. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colm A. Kennard as Geschäftsführer and in London by David C.M. Bell, Chairman, and Alan C. Miller, Deputy Chairman. The shareholder of the Financial Times (Europe) GmbH is Pearson Overseas Holdings Limited, 3 Burlington Gardens, London, W1X 1LE. Shareholder of this company is Pearson plc, registered at the same address
GERMANY:
Responsible for Advertising content: Colm A. Kennard. Printer: Hürriyet International Verlagsgesellschaft mbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu Isenburg ISSN 0174 7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL.
FRANCE:
Publishing Director: P. Maraviglia, 42 Rue La Boetie, 75008 PARIS. Telephone (01) 5376 8254. Fax (01) 5376 8253. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN 1148-2753. Commission Paritaire No 67808D.
SWEDEN:
Responsible Publisher: Hugh Carnegy 468 618 6088. Printer: AB Kvällstidningen Expressen. PO Box 6007, S-550 06, Jönköping.

R